



PENGROWTH

E N E R G Y T R U S T

2 0 0 1 A N N U A L R E P O R T



Vision
Courage
Commitment
Performance

Corporate Profile

- › Pengrowth Energy Trust is one of North America's largest energy trusts, with a market capitalization of \$1.2 billion at December 31, 2001 and an enterprise value of \$1.5 billion. Pengrowth pays monthly distributions to unitholders based on the net cash flow (after fees and expenses) generated from a portfolio of high quality crude oil and gas properties in the Western Canadian Sedimentary Basin and off the East Coast of Canada.
- › Units of Pengrowth Energy Trust trade on The Toronto Stock Exchange under the symbol PGE.UN.

Annual General Meeting

The annual meeting of the unitholders of Pengrowth Energy Trust will be held in the McMurray Room, Calgary Petroleum Club, Calgary, Alberta, on Tuesday, April 23, 2002 at 3:00 p.m. Unitholders who are unable to attend are urged to complete, sign and mail their proxies to ensure their units will be voted at the meeting.

Contents	1	The Benchmark of Energy Trusts
	6	Financial Highlights
	7	Operations Highlights
	8	President's Message to Unitholders
	13	Operations Review
	30	Reserves
	32	Management's Discussion and Analysis
	46	Financial Statements
	50	Notes to Consolidated Financial Statements
	62	Five Year Review
	64	Board of Directors
	66	Key Measures of Quality

PENGROWTH ENERGY TRUST

DISTRIBUTION REINVESTMENT AND TRUST UNIT PURCHASE PLAN

"A Good Way to Reinvest Your Pengrowth Distributions"

Purpose

The Distribution Reinvestment and Trust Unit Purchase Plan of Pengrowth Energy Trust (the "Plan") allows eligible holders of Trust Units of the Trust to conveniently purchase additional Trust Units by reinvesting all or a portion of their monthly cash distributions or by making optional cash payments.

Features of the Plan include the following:

- Canadian resident Unitholders may elect to reinvest their cash distributions from Trust Units of Pengrowth Energy Trust (the "Trust") in new Trust Units of the Trust or, in Trust Units purchased on the Toronto Stock Exchange. **Since the Trust Units offered pursuant to the Plan have not been registered under the United States Securities Act of 1933, as amended, Unitholders in the United States are not eligible to participate in the Plan.**
- Trust Units will be acquired at the lower of the prevailing market price or the weighted average price of the 20 trading days preceding a Cash Distribution Date. Amendments are under consideration to permit the Trust to offer Trust Units under the Plan at a discount of up to 5% from the prevailing market price.
- Participants in the plan may make optional cash payments of up to \$3,000 per quarter or, \$1,000 per month to acquire additional Trust Units for their account.
- Participants do not pay any costs associated with the Plan including the payment of brokerage commissions.
- Full Investment of all distributions is possible since fractional Trust Units are also credited to the participant's account.
- A minimum of 100 Trust Units necessary to participate in the Plan.

Pengrowth Energy Trust
700 Sun Life Plaza, East Tower
112 – 4 Avenue S.W.
Calgary, Alberta T2P 0H3

Distribution Reinvestment and Trust Unit Purchase Plan
Request for Information

☐ **A. Distribution Reinvestment**

I wish to participate in the Distribution Reinvestment and Trust Unit Purchase Plan of Pengrowth Energy Trust. Please send the required authorization form to me.

☐ **B. Request for Information**

Please send detailed information concerning the Distribution Reinvestment and Trust Unit Purchase Plan of Pengrowth Energy Plan to me.

Name(s): _____

Signature(s): _____

Address: _____

Telephone: Home: _____

Bus: _____

Date: _____

Place
Stamp
Here

Pengrowth Energy Trust
700 Sun Life Plaza, East Tower
112 – 4 Avenue S.W.
Calgary, Alberta T2P 0H3

The benchmark of energy trusts



Since its formation in 1988, Pengrowth Energy Trust has become one of the largest and highest quality energy trusts in North America.

An energy royalty trust is an efficient investment structure that allows the distribution of net revenue from a portfolio of producing oil and gas properties to its unitholders.

Pengrowth receives revenue from its oil and gas properties and pays out the net revenue (cash flow), after operating costs and expenses of the trust, on a monthly basis.

Pengrowth has varying interests in 43 properties, and operates 48 percent of its average daily production, which reached a

record 40,320 barrels of oil equivalent (boe) per day in 2001.

Pengrowth raises additional equity funds through the sale of trust units, investing the proceeds to expand its oil and gas holdings, thereby both replacing production and increasing its reserves base. Pengrowth's properties span the Western Canadian Sedimentary Basin in Alberta and Saskatchewan and include an 8.4 percent royalty interest in the Sable Offshore Energy Project (SOEP) offshore Nova Scotia.



Vision

to see the future and define it on our own terms.

Pengrowth is the only Canadian energy royalty trust that has diversified its asset base outside the Western Canadian Sedimentary Basin.

Courage

to grasp the opportunities wherever they may be.

Our investments have included two world-class properties – the Judy Creek oil assets acquired from Imperial Oil in October 1997, and an 8.4 percent royalty interest in SOEP natural gas and natural gas liquids reserves in 2001.

Commitment

169 dedicated employees working hard to maximize the value of our assets.

Our staff of 169 professional men and women includes 61 at our corporate headquarters in Calgary, Alberta and 108 at our operated Judy Creek asset in Central Alberta. Their commitment has been critical to the success of Pengrowth.

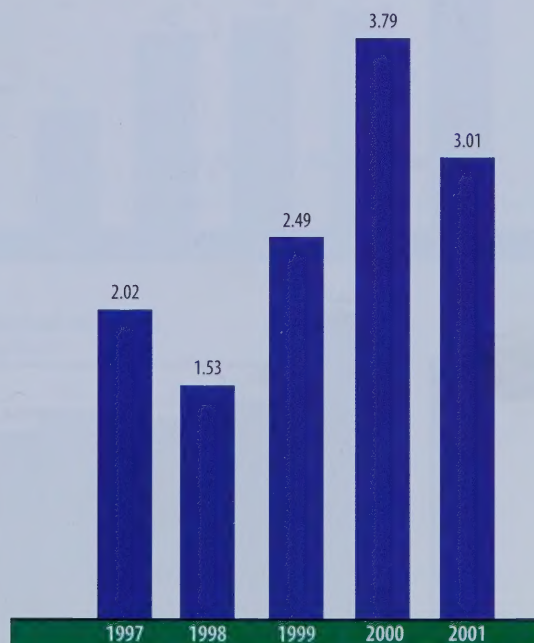


Performance

As a top-performing energy trust, Pengrowth has delivered high cash distributions for 13 years.

A key to Pengrowth's performance is maintaining strong distributions. Since the Trust was formed in 1988, Pengrowth has distributed \$21.33 per unit, including \$12.84 per unit in the last five years. In order to do this, Pengrowth invests in high quality assets, maintains a strong balance sheet and minimizes operating and administration costs. Pengrowth also engages in prudent commodity and interest rate hedging practices to further manage risk.

Distributable Income
(\$ per Trust unit)

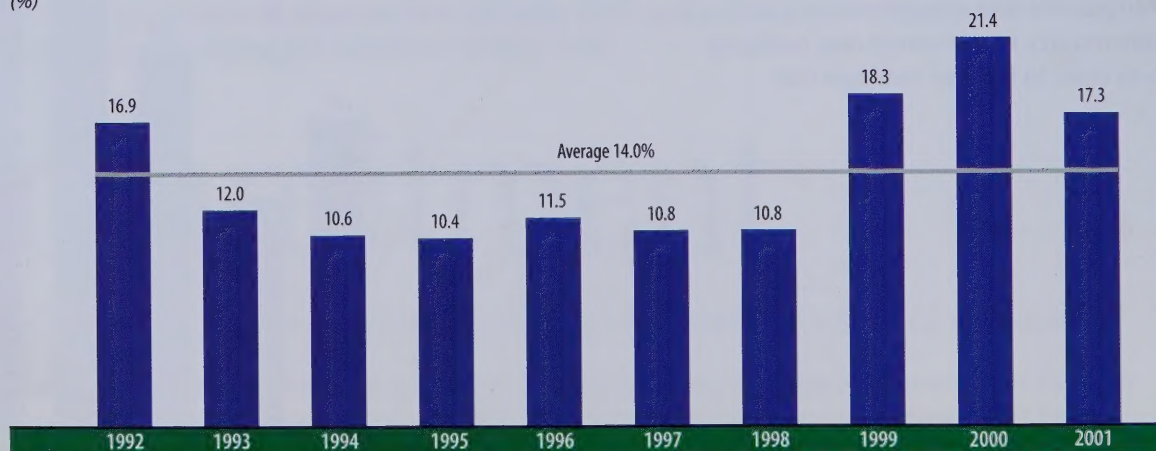


14.0% yield

10 year cash on cash yield average from 1992 to 2001, with a 17.3% yield in the past year.

This return on unitholder investment is one of the highest among all Canadian energy trusts and reflects Pengrowth's track record of investing in assets that are accretive to distributions and unitholder value.

Average Cash on Cash Yield*
(%)



* Based on distributable income per unit divided by the average of high and low trust unit trading prices during the year.



20% increase

in production from 2000 to 2001, and a compound average growth rate of 45 percent per annum since inception.

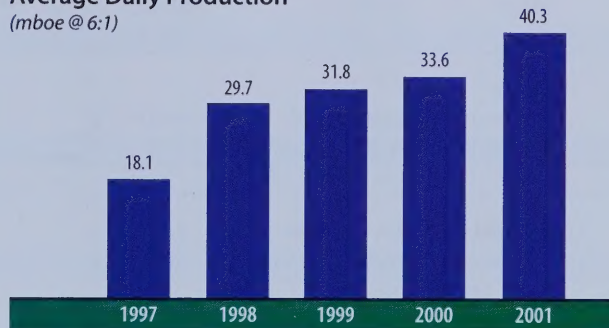
Crude oil and natural gas production achieved a record average of 40,320 boe per day in 2001.

15%

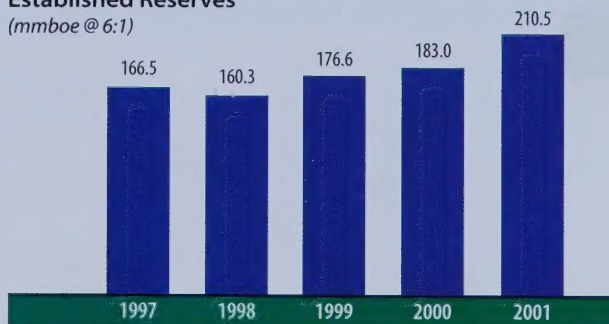
increase in Established reserves 2000 to 2001

In the past year, Pengrowth replaced its oil and natural gas reserves by more than three times 2001 production at an average cost of \$5.72 per boe.

Average Daily Production
(mboe @ 6:1)



Established Reserves
(mmboe @ 6:1)



Financial Highlights

(thousands, except per unit amounts)

Year ended December 31	2001	2000	% Change
INCOME STATEMENT			
Oil and gas sales	\$ 469,929	\$ 416,228	13
Net income	\$ 85,150	\$ 123,215	(31)
Net income per unit	\$ 1.201	\$ 2.213	(46)
Distributable income	\$ 215,787	\$ 218,340	(1)
Per weighted average unit	\$ 3.043	\$ 3.922	(22)
Actual distributions paid or declared	\$ 3.010	\$ 3.785	(20)
Weighted average number of units outstanding	70,911	55,673	27
UNITS OUTSTANDING AT YEAR-END	82,240	63,852	29
BALANCE SHEET			
Working capital	\$ (19,746)	\$ (44,755)	56
Property, plant, equipment and other assets	\$ 1,208,526	\$ 1,038,823	16
Long-term debt	\$ 345,456	\$ 286,823	20
Unitholders' equity	\$ 817,203	\$ 641,965	27
Debt plus equity	\$ 1,162,659	\$ 928,788	25
EQUITY MARKET CAPITALIZATION	\$ 1,169,454	\$ 1,225,962	(5)
ENTERPRISE VALUE*	\$ 1,514,910	\$ 1,512,785	0
NET ASSET VALUE @ 12%	\$ 799,327	\$ 819,298	(2)
NET ASSET VALUE PER UNIT	\$ 9.72	\$ 12.83	(24)
TRUST UNIT TRADING			
High	\$ 21.95	\$ 20.35	8
Low	\$ 12.80	\$ 15.00	(15)
Close	\$ 14.22	\$ 19.20	(26)
Value	\$ 734,382	\$ 394,244	86
Volume (thousands of units)	41,249	21,494	92
Year-end closing price as a multiple of net asset value at 12%	1.5x	1.5x	(3)
LONG-TERM DEBT AS A RATIO OF:			
Current year's distributable income	1.6x	1.3x	
Total capitalization:			
Debt plus equity at book value	29.7%	30.9%	
Debt plus equity at market value	22.8%	19.0%	

* Enterprise value equals market value of equity plus long-term debt

Operations Highlights

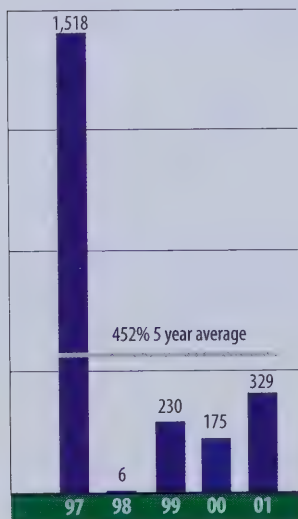
Year ended December 31	2001	2000	% Change
DAILY PRODUCTION			
Crude oil (bbls)	19,726	17,599	12
Natural gas (mcf)	91,764	70,098	31
Natural gas liquids (bbls)	5,258	4,205	25
Sulphur (lt)	42	94	(55)
Total production (boe)	40,320	33,581	20
TOTAL ANNUAL PRODUCTION (mboe)	14,717	12,291	20
PRODUCTION PROFILE			
Crude oil	49%	52%	
Natural gas	38%	35%	
Natural gas liquids	13%	13%	
AVERAGE PRICES			
Crude oil (per bbl)	\$ 37.26	\$ 40.37	(8)
Natural gas (per mcf)	\$ 4.48	\$ 4.34	3
Natural gas liquids (per bbl)	\$ 30.68	\$ 33.56	(9)
Average price per boe	\$ 31.93	\$ 33.87	(6)
ESTABLISHED RESERVES			
Crude oil (mbbls)	105,184	117,519	(10)
Natural gas (bcf)	476.2	283.2	68
Natural gas liquids (mbbls)	25,964	18,289	42
TOTAL OIL EQUIVALENT (mboe)	210,522	183,002	15
OPERATING COSTS			
Millions	\$ 104.9	\$ 65.2	61
PER BOE	\$ 7.13	\$ 5.30	34
GENERAL AND ADMINISTRATIVE COSTS			
Millions	\$ 7.5	\$ 7.1	5
PER BOE	\$ 0.51	\$ 0.58	(12)
ACQUISITION COSTS*			
Millions	\$ 277.1	\$ 179.6	54
MMboe acquired	48.4	21.5	125
PER BOE	\$ 5.72	\$ 8.34	(31)

* Before acquisition fees

Natural gas has been converted to equivalent barrels of oil at 6:1

President's Message to Unitholders

Annual Reserve Replacement Through Acquisitions (%)



2001 was a year of solid achievement and progress for Pengrowth Energy Trust, although some of the positive developments were masked by significant declines in both crude oil and natural gas prices towards the end of the year.

Our theme this year of Vision, Courage, Commitment and Performance reflects our willingness to take Pengrowth to a new level of growth with greater geographical diversification than other Canadian royalty trusts. Our people have a profound commitment to increasing the value of the Trust, and as we demonstrate in this annual report, Pengrowth has an unparalleled track record of financial and operating performance. We remain the benchmark of energy trusts.

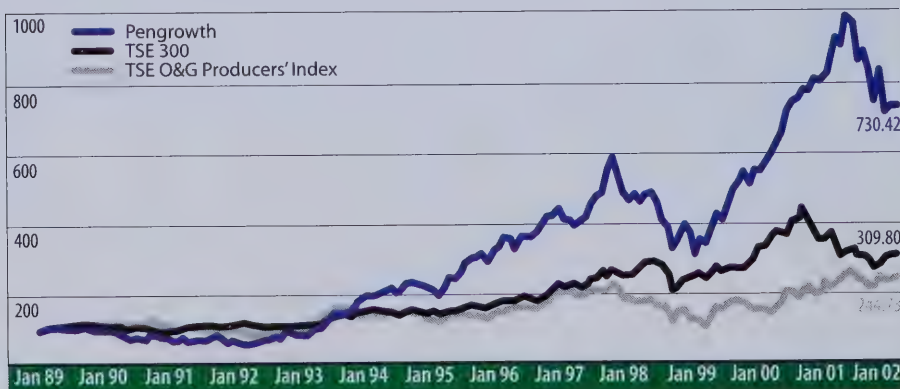
The significant achievements of 2001 included:

- The June 15 acquisition of an 8.4 percent royalty interest in SOEP, a world-class, long-life natural gas producing field that supplies natural gas to northeastern North America.
- The successful completion of two public equity offerings during the year, which raised the second largest amount of new equity since Pengrowth's inception in 1988.
- Oil and natural gas reserve acquisitions replaced production by more than three times during the year at an average cost of \$5.72 per boe on an Established reserves basis.
- Increased oil and natural gas production, which reached a record 40,320 boe per day during the year.
- Distributable income of \$216 million was the second highest in Pengrowth's history.
- Distributable income per trust unit was \$3.01, the second highest in Pengrowth's history.
- At year-end, Pengrowth had an equity market capitalization of \$1.2 billion, and a total enterprise value of \$1.5 billion.

SOEP Acquisition

On June 15, Pengrowth closed the acquisition of an 8.4 percent royalty interest in the natural gas and natural gas liquids production from the Sable Offshore Energy Project (SOEP). The purchase concluded

Relative Performance of a \$100 Investment (C\$)



Source: RBC Capital Markets

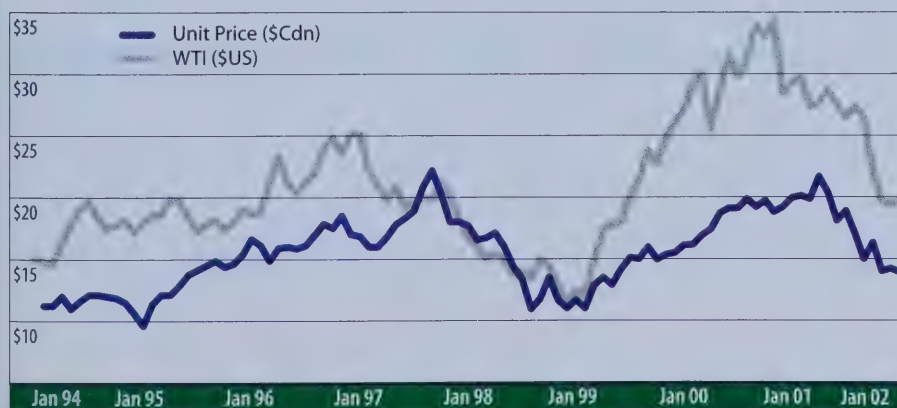


James S. Kinnear,
President & Chief Executive Officer

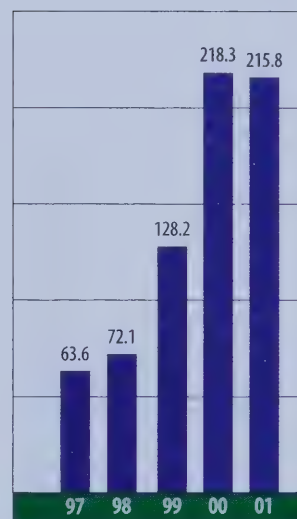
several months of dedicated and tireless efforts by many of our most trusted advisors and members of our highly qualified Pengrowth team. SOEP represents an excellent addition to the Pengrowth portfolio for the following reasons:

- SOEP is a long reserve life asset.
- Pengrowth sells its royalty share of natural gas into the Maritimes and the New England region, a large consuming market.
- Pengrowth's royalty interest in SOEP provides it with geographical diversification outside the Western Canadian Sedimentary Basin.
- Pengrowth's royalty interest in SOEP increases the natural gas portion of our total corporate production from 35 percent to 43 percent, providing a more even balance between oil and natural gas.
- The East Coast is a very exciting region for continuing oil and natural gas development.
- Pengrowth has initiated and built new relationships on the east coast which may provide future business opportunities.
- The acquisition has further increased the size of Pengrowth Energy Trust, enhancing the Trust's ability to participate in additional large, value-added projects.
- The SOEP royalty acquisition enhances Pengrowth's potential access to world capital markets. Going forward, one of the key drivers of our business will be our ability to access both debt and equity capital.

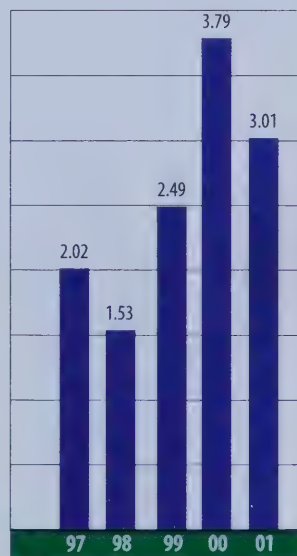
Pengrowth Trust Units vs WTI Oil Prices



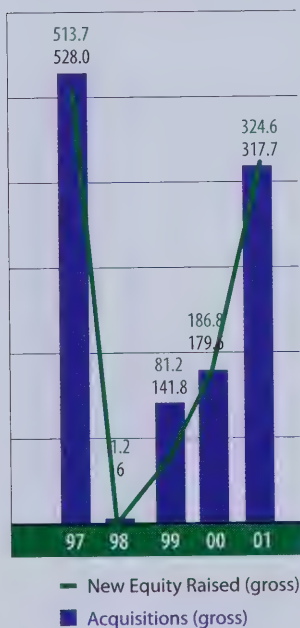
Distributable Income (\$ millions)



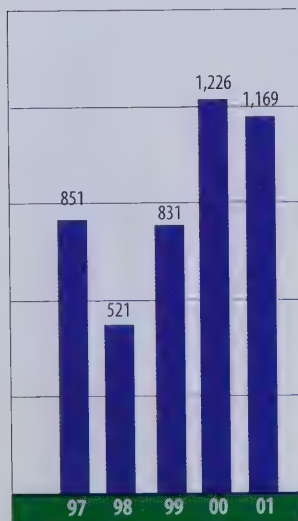
Distributable Income (\$ per Trust unit)



New Equity Raised vs Acquisitions (\$ millions)



Equity Market Capitalization at Year End (\$ millions)



Pengrowth's investment in SOEP is expected to provide unitholders with favourable investment returns in the future. Since the SOEP royalty interest was acquired on June 15, natural gas prices have declined from approximately US\$5.00 per mmbtu to the current US\$2.00–\$2.50 range per mmbtu (NYMEX basis). This is reminiscent of Pengrowth's acquisition experience at Judy Creek. Subsequent to Pengrowth's acquisition of Imperial Oil's Judy Creek/Swan Hills interests in October 1997, oil prices declined from US\$18.00–\$20.00 to a low of approximately US\$10.00 by December 1998. These lows were relatively short lived. By December 1999 oil had risen to over US\$26.00, and continued to climb to over US\$34.00 in late 2000. To date the Judy Creek acquisition has proven to be an excellent long-term investment. With the SOEP royalty arrangement Pengrowth is well poised to participate in the potential recovery of natural gas prices.

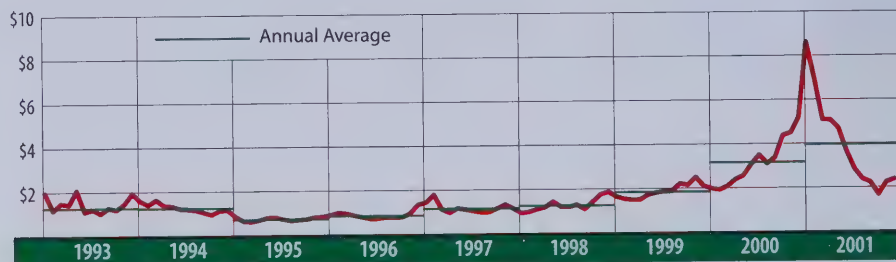
Pengrowth has contracted to sell 25 mmbtu per day of Sable natural gas for five years from June 2002 to a major U.S. utility that is constructing a new gas-fired power plant at Newington, New Hampshire.

Sable currently accounts for 21 percent of Pengrowth's Established reserves and approximately 50 percent of Pengrowth's natural gas production.

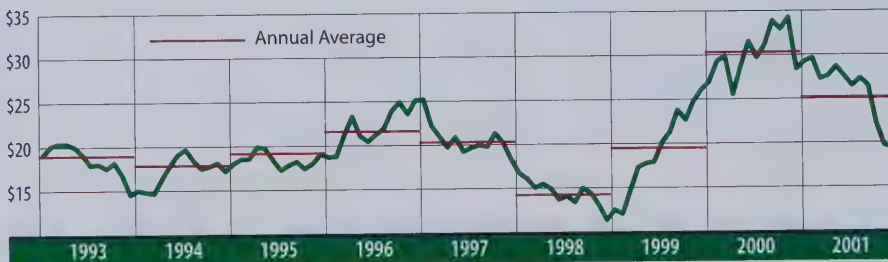
2001 Equity Offerings

Pengrowth raised a total of \$325 million (\$306 million net) in new equity during 2001, including the proceeds from the exercise of trust unit options and proceeds from the DRIP program. This amount exceeds the value of all acquisitions during the year, which totalled \$277 million (net), and included Sable (net \$256 million) and Kaybob Notikewin interests (net \$21 million). A total of 17,622,500 new trust units were issued during 2001 at an average price of \$17.70 per trust unit for a total of \$311,974,875 (gross), prior to commission and issue expenses.

Natural Gas Price (AECO C\$/GJ)



Crude Oil Price (WTI US\$/bbl)



During each of the past two years, Pengrowth has successfully concluded the largest equity offerings in the oil and gas industry in Canada. In 2000, Pengrowth issued 8,165,000 units at \$19.00 per unit for total proceeds of \$155.1 million (gross), and in May 2001, we issued 10,895,000 trust units at \$20.70 per unit for total proceeds of \$225.5 million, prior to commissions and issue expenses. In December 2001, Pengrowth concluded a further issue of 6,727,500 trust units at \$12.85 per unit, raising \$86.4 million (gross). Over the past two years, Pengrowth has raised over \$467 million (gross) in new equity capital.

Distribution Policy

Since Pengrowth's inception, all cash flow net of operating expenses and management fees has been paid out to unitholders on a monthly basis. Pengrowth's distribution policy has been unchanged for thirteen years. This results in some volatility to our monthly payments and the resulting capital value of Pengrowth trust units in the marketplace. Continuing this distribution policy is contingent upon Pengrowth continuing to raise significant amounts of equity capital in the marketplace.

Oil and Gas Commodity Prices

Oil and natural gas prices declined significantly during 2001. At the beginning of 2001, oil prices exceeded US\$29.00 per barrel, while natural gas prices were in the US\$6.00–\$10.00 per mmbtu range. By year-end 2001, oil was approximately US\$20.00, and natural gas closed at US\$2.57.

With the high natural gas prices experienced early in 2001, consumers switched to alternate fuels. Approximately five percent of natural gas consumption, particularly in the electrical generation market, was lost to other sources of energy. The warm weather and reduced heating demand during 2001-2002 in the major northeast consuming markets reinforced the situation. Coupled with the decrease in demand, an increase in natural gas supply helped to further suppress prices. At current natural gas prices, drilling activity has declined significantly in North America and the production capacity of wells is falling. As a result, natural gas prices may well ultimately recover from current levels.

Crude oil prices, which were trading in the OPEC price band of US\$22.00–\$26.00 per barrel prior to September 11, declined significantly. The North American economy saw significant declines in demand for crude oil, and on September 25 the price actually declined by \$4.00 to US\$22.00.

Crude oil prices are expected to increase further from the current US\$22.00 WTI per barrel level as the economic recovery gains momentum in the U.S. and several other world economies.

The Opportunity

Over the past year, several U.S. companies made significant acquisitions in Canada. Since the acquisitions were concluded, oil and natural gas prices have declined significantly. There will be an opportunity to acquire significant assets in western Canada as the consolidation in the oil and natural gas industry continues. Pengrowth continues to analyze opportunities to expand its asset base in a manner that provides significant accretion to its unitholders.

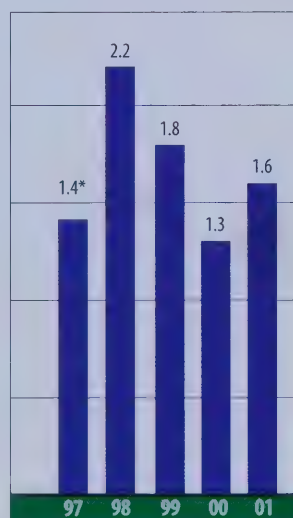
We have witnessed many changes in the Canadian oil and gas sector in the past three years. Many of the mid- to larger-sized independents have been acquired by U.S. and other international companies.

More recently, Alberta Energy Company announced plans to merge with PanCanadian Energy, forming a super-independent, EnCana Corporation. To some extent, the royalty trusts in Canada have begun to take the place of the mid-cap market.

Capital Expenditures as a Percent of Distributable Income (\$ millions)

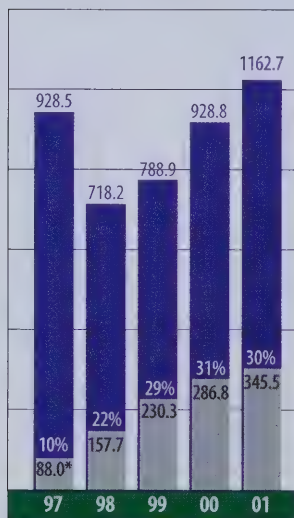


Debt/Distributable Income



* Debt net of installment receipt receivable

Debt as a Percentage of Total Capitalization



■ Total Capitalization including unitholders' equity at book value (\$ millions)

■ Long-term Debt (\$ millions)

* Debt net of installment receipt receivable

These developments create opportunities for Pengrowth. First, there may be less competition for acquisitions and second, there may be significant opportunities to acquire the non-core assets sold by companies that were active in the acquisitions market in recent years.

Financial Strength

With the \$325 million (gross) in new equity raised during 2001, our debt to equity ratio at year-end remained within the range of recent years, and management intends to continue to maintain a prudent capital structure going forward.

Pengrowth's debt at year-end was 1.6 times 2001 cash flow, also well within the range of recent years. While lower cash flows in 2002 could result in a higher debt to cash flow ratio, the results of our non-core asset disposal program and potentially improving commodity prices during the year could mitigate such a trend.

The Current Outlook

Pengrowth Energy Trust units declined from the \$20.70 per unit issue price in May 2001 to a year-end level of \$14.22 per trust unit. This followed the trend of monthly distributions which reflected the decline in crude oil and natural gas prices particularly in the second half of the year. The commodity price environment at year-end appears to be similar to that of late 1998 and early 1999, also a period of lower crude oil prices. We believe the current environment may well offer significant opportunity for Pengrowth unitholders.

Acknowledgements

I am very proud of the work of our Pengrowth team, both in Calgary and at Judy Creek, who continue to make such an outstanding commitment to Pengrowth Energy Trust. They continue to persevere in an environment that is often unpredictable and always challenging. That being said, we are all extremely blessed to live and work in North America. I also wish to thank our unitholders for their loyalty to Pengrowth and our Directors for their wise counsel throughout the year.

On behalf of the Board of Directors,

James S. Kinnear
President and Chief Executive Officer
March 4, 2002

Operations Review



Through high quality asset acquisitions, Pengrowth has expanded its geographic reach and extended its reserve life to 13.6 years. Production since inception has grown at a compound rate of 45 percent per year.

Major Holdings – Western Canada and Canada's East Coast



Pengrowth's Major Holdings

	Reserves Mboe	Percent of total reserves	Reserve life index (years)	Value at 12% discount (\$thousands)	2001 Percent of total asset	Oil equivalent production* (boepd)	Percent of total production	2001 capital expenditures (\$millions)
Judy Creek BHL Unit	49,575	23.5	15	256,045	23.0	10,634	26.4	19.5
Judy Creek West BHL Unit	11,172	5.3	17	52,772	4.7	2,322	5.8	0.4
Weyburn Unit	14,833	7.0	20	56,778	5.1	2,028	5.0	5.3
Swan Hills Unit No. 1	14,626	6.9	23	54,283	4.9	1,755	4.4	2.0
Enchant	7,115	3.4	19	25,939	2.3	1,094	2.7	1.7
Dunvegan Gas Unit	7,077	3.4	17	30,841	2.8	1,023	2.5	1.0
McLeod River	5,271	2.5	8	37,735	3.4	1,972	4.9	5.9
Nipisi Non-Unit	4,012	1.9	9	27,712	2.5	1,248	3.1	3.0
Monogram Gas Unit	4,916	2.3	11	42,995	3.9	1,480	3.7	4.2
Goose River Unit No. 1	4,200	2.0	6	29,430	2.6	1,158	2.9	1.4
House Mountain Unit No. 1	3,346	1.6	16	15,708	1.4	481	1.2	3.8
Hanlan Swan Hills Gas Unit No. 1	3,872	1.8	9	25,130	2.3	1,262	3.1	0.2
Kaybob Notikewin Unit No. 1	3,983	1.9	12	27,170	2.4	863	2.1	0.2
Other**	76,524	36.3	14	431,107	38.7	13,000	32.2	25.4
Total	210,522	100.0	14	1,113,645	100.0	40,320	100.0	74.0

Crude oil properties designated in green

Natural gas properties designated in black

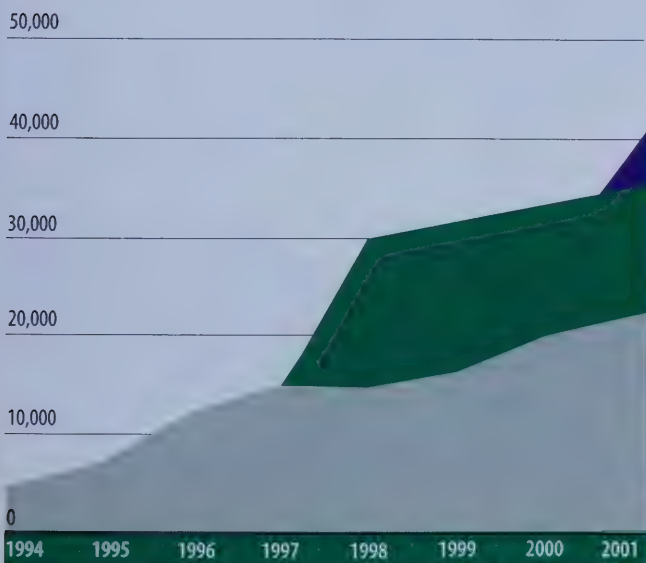
* Natural gas has been converted to equivalent barrels of oil at 6:1

** "Other" includes Pengrowth's royalty interest in Emera's 8.4% working interest in SOEP, Other Swan Hills, Other S.E. Saskatchewan, Other Shallow Gas and Other Miscellaneous Properties. In accordance with the confidentiality agreement between Pengrowth, Emera and the other SOEP owners Pengrowth is unable to present certain information with respect to Sable except on a consolidated basis.

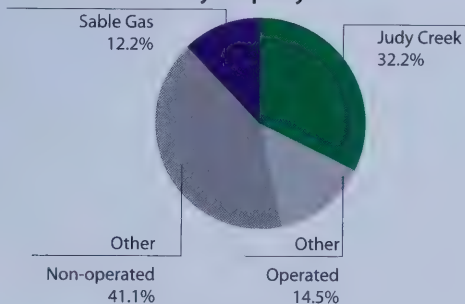
Production Profile

(boepd)

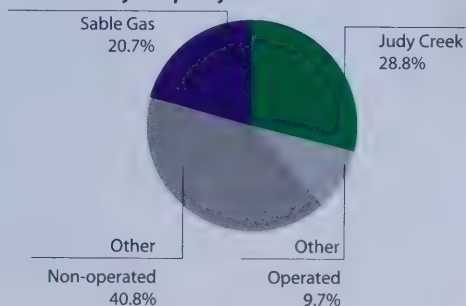
- Operated/Non-operated Production
- Judy Creek Production
- Sable Gas Production



2001 Production by Property



Reserves by Property



Judy Creek, Alberta

A world class oil and gas asset

The Judy Creek field, located 160 kilometres northwest of Edmonton, was Pengrowth's first operated property and today represents Pengrowth's single largest oil producing asset. In 2001, net oil production averaged 10,300 bbls per day. The field is comprised of two oil reservoirs, the Judy Creek "A" and "B" Pools. Pengrowth has high working interests in both Pools: 100 percent in the "A" Pool and 94.58 percent in the "B" Pool.

Since acquiring operatorship in 1998, Pengrowth's programs of enhanced oil recovery, new development and well optimization have stabilized oil production at over 10,000 bbls per day for the past three years, fully offsetting historical decline rates of up to 20 percent per year.

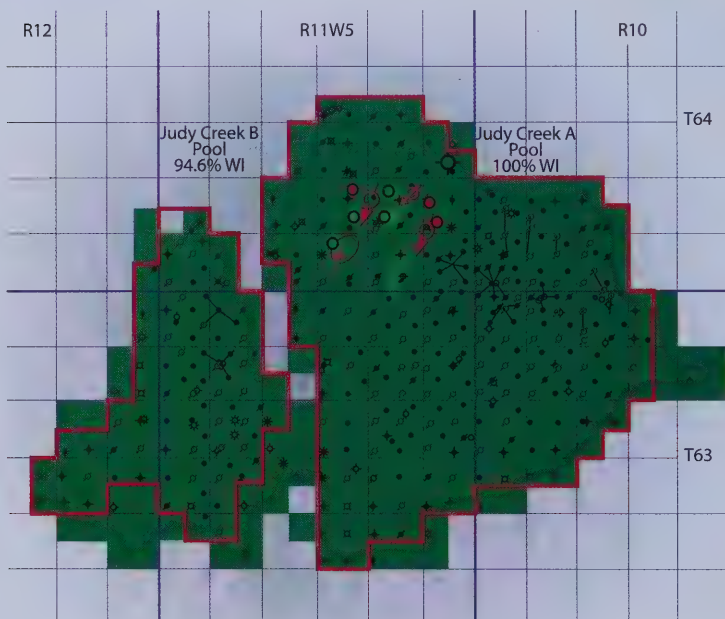
Judy Creek

2001

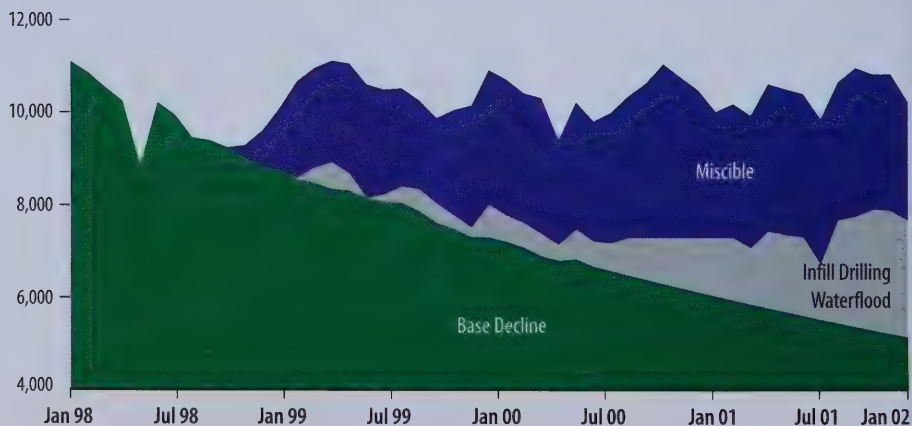
- 4 Development Oil Wells
- 1 Hz Injector
- ⬆ 2 Vertical Injection Wells
- ⬆ 1 Edge Well

2002

- 3 Development Oil Wells
- ⬆ 2 Vertical Injection Wells



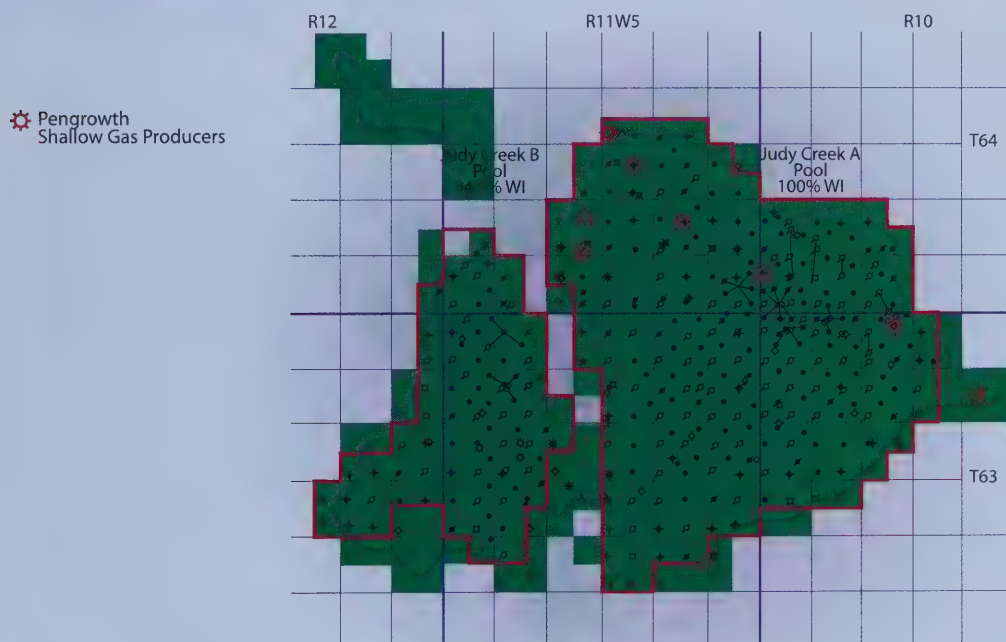
Oil Production Volume Response to Development (bbls/day)



Pengrowth has continued the enhanced oil recovery program that was initiated at Judy Creek in 1985. In the Judy Creek hydrocarbon miscible flood program, oil production is increased by injecting a light, hydrocarbon-based solvent into the reservoir. In 2001, solvent was injected at 12 solvent injection wells and Pengrowth is anticipating increased oil production from up to 32 offsetting production wells.

New development continued in 2001 with the drilling of four oil producers and three water/solvent injection wells in "A" Pool. At year-end, oil production from the program was in excess of 600 bbls per day, with associated reserves of approximately 1.6 million barrels.

Judy Creek Gas Development



In addition to oil development, Pengrowth pursued natural gas opportunities in shallower reservoirs in the Judy Creek area. By drilling new wells and working over existing suspended wells, Pengrowth placed eight natural gas wells on production in 2001, achieving year-end natural gas production rates of 4.4 mmcf per day. This was an internally-generated opportunity that was not included in the original assessment of the property.

There are two areas of potential future enhancement in Judy Creek. These include using CO₂ as a solvent, which could reduce solvent costs, and developing the coal bed methane potential on Pengrowth's acreage. Coal bed methane technology in Canada is still in the developmental stage, but is being researched by a number of major oil and gas companies. The technology is well advanced in the U.S.

In 2001, Pengrowth put considerable effort into reducing operating costs at Judy Creek. We were particularly proactive in the area of piping. Stainless steel pipe was installed in numerous applications to minimize failures and increase safety. In addition, we optimized the use of onsite solvent to minimize the cost of solvent purchases.

Development plans in 2002 include drilling at least three oil wells and two vertical injection wells. Pengrowth will also carry out additional stimulations following a successful 2001 acid fracture in a lower deliverability oil well.

The Judy Creek Operations Team



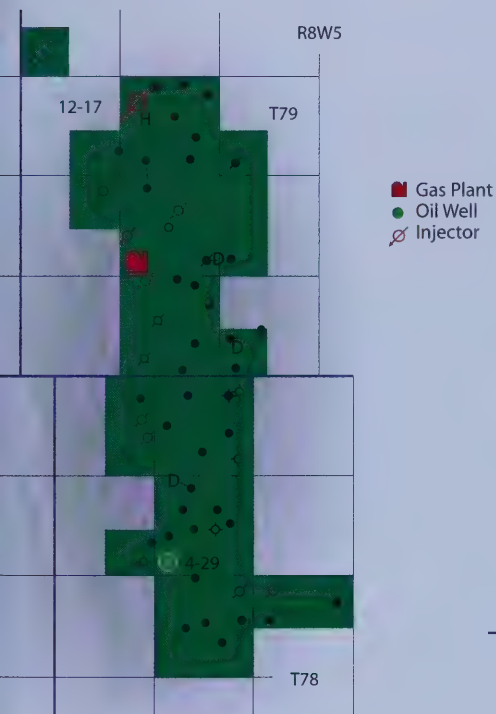
Pengrowth purchased Judy Creek in 1997 from Imperial Oil and was able to retain a highly skilled field staff of over 100 people. Judy Creek is one of Pengrowth's most significant producing properties, made possible by the skill and dedication of the team.

Operated Properties Western Canada

Nipisi

At Nipisi, Pengrowth drilled one successful oil well and one water injector, both of which were tied in during 2001. The oil well is producing approximately 82 bbls per day and the injector is awaiting regulatory approval to commence operation. Average production during the year was 1,248 boe per day.

Pengrowth carried out several well workovers during the year. The most successful workover is currently producing 50 bbls of oil per day. A detailed geological review has identified several additional workover opportunities and a potential infill drilling location. Pengrowth is currently constructing additional water handling facilities. Pengrowth's average working interest in the Nipisi non-Unit oil wells is 95 percent.

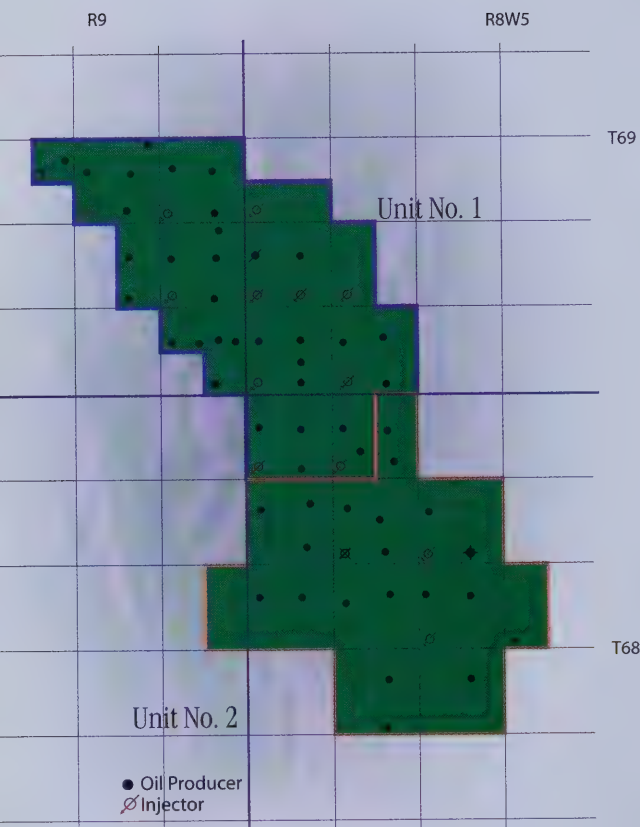


Enchant

Pengrowth drilled one 100 percent oil well during 2001 in the J & VV Pool. Average production during the year was 1,094 boe per day. A horizontal oil producer in the J & VV Pool is planned for 2002.

Also during 2001, Pengrowth completed a stimulation on a zone of bypassed pay, which increased production by 25 bbls per day. Another producer was converted from a rod pump to high volume submersible pump, which increased production by 50 bbls per day. A third well was converted to injection to provide pressure support in the interior portion of the Pool.

In the Enchant Arcs Unit No. 2, where Pengrowth converted a well to injection in mid-2000, pressure support is now apparent and consequently no production decline is anticipated in 2002.



Deer Mountain Unit No. 2

Pengrowth assumed operatorship of Deer Mountain Unit No. 2 on August 1, 2001 and has implemented a number of optimization initiatives:

- Pump replacements were completed on four producers. In two cases the pump repair included a stimulation.
- The use of a casing gas compressor on one of the oil wells has increased production by 12 bbls per day.

Stimulations and tubing repairs were completed on two injectors which more than doubled water injection rates into the pool. Pengrowth also replaced the corroded tank bottom at the water plant, reducing the risk of a significant produced water spill. In addition, we installed a radio-controlled shutdown system on the water source well which significantly reduces the risk of a failure of the water line between the source well and the tank.

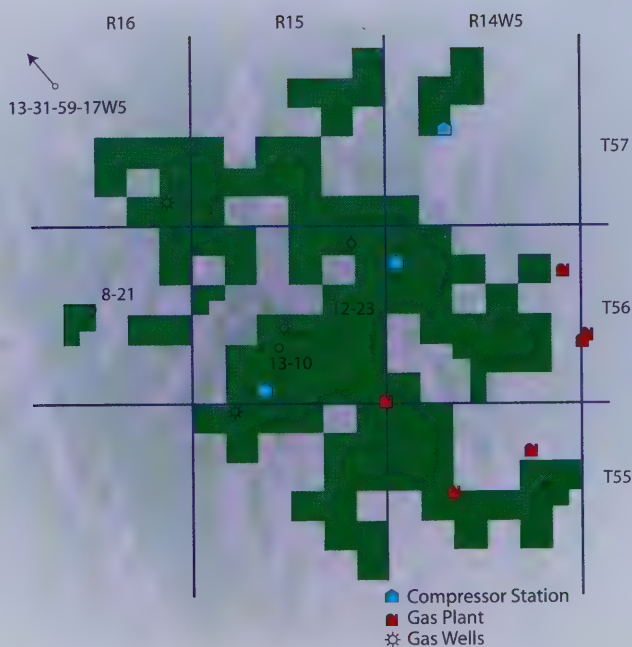
Average production during the year was 181 boe per day.

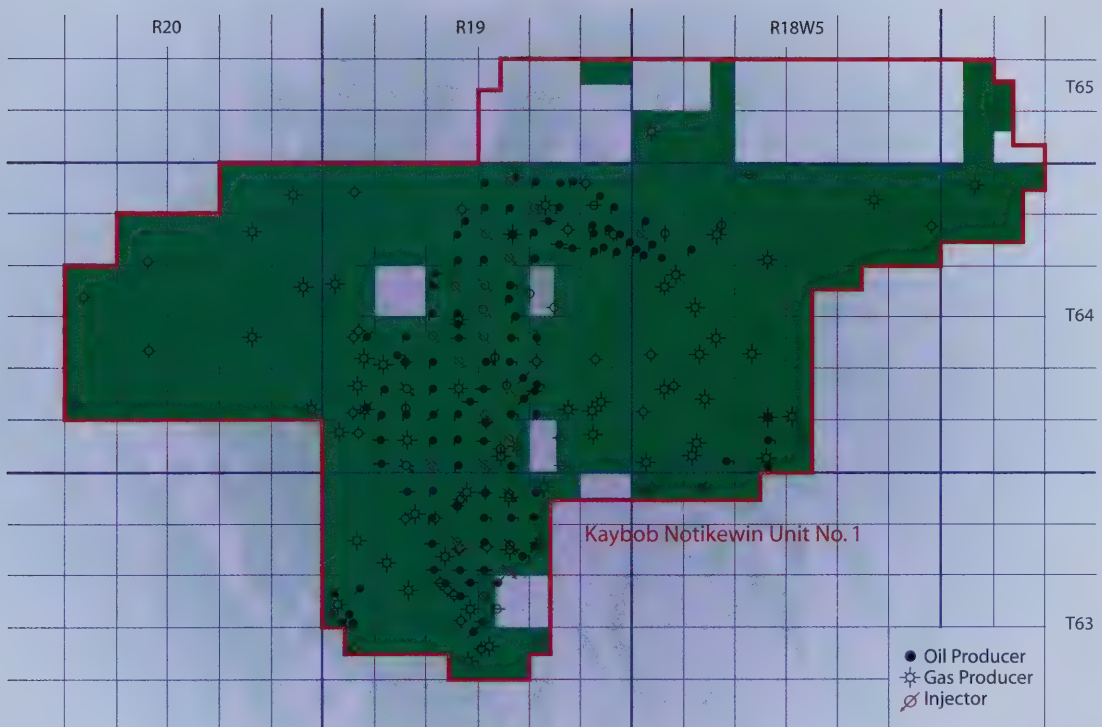
McLeod River

Pengrowth drilled two gas wells during 2001 with working interests of 87.5 and 100 percent. Both wells are tied in and are producing approximately 750 mcf per day and 1,000 mcf per day respectively. Pengrowth also installed a compressor package on one of the wells to reduce the back pressure and maintain production.

Average production at McLeod River during the year was 1,972 boe per day.

Development plans for 2002 include the drilling of at least four new wells and the installation of another field compressor.





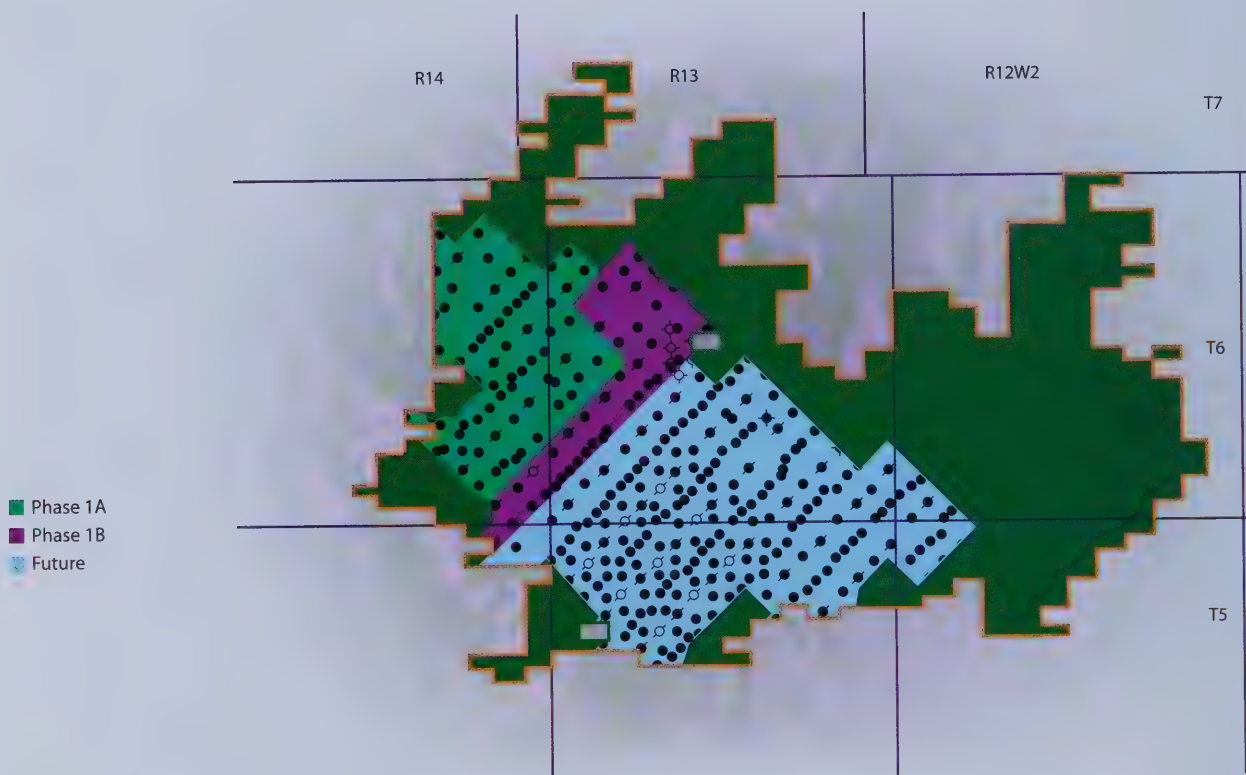
Kaybob Notikewin

On March 9, 2001 Pengrowth closed the acquisition of an additional 43.5 percent working interest in the Kaybob Notikewin Unit bringing our total working interest to 64.5 percent. Average production during the year was 863 boe per day. During the year, production optimization included:

- The purchase and relocation of a portable compressor (350 mcf per day).
- Debottlenecking the gathering system (100 mcf per day).
- Installing a number of plunger lift control systems and several workovers.

In 2002 Pengrowth will continue to optimize individual wells and may install additional compression.

Major Non-Operated Properties Western Canada



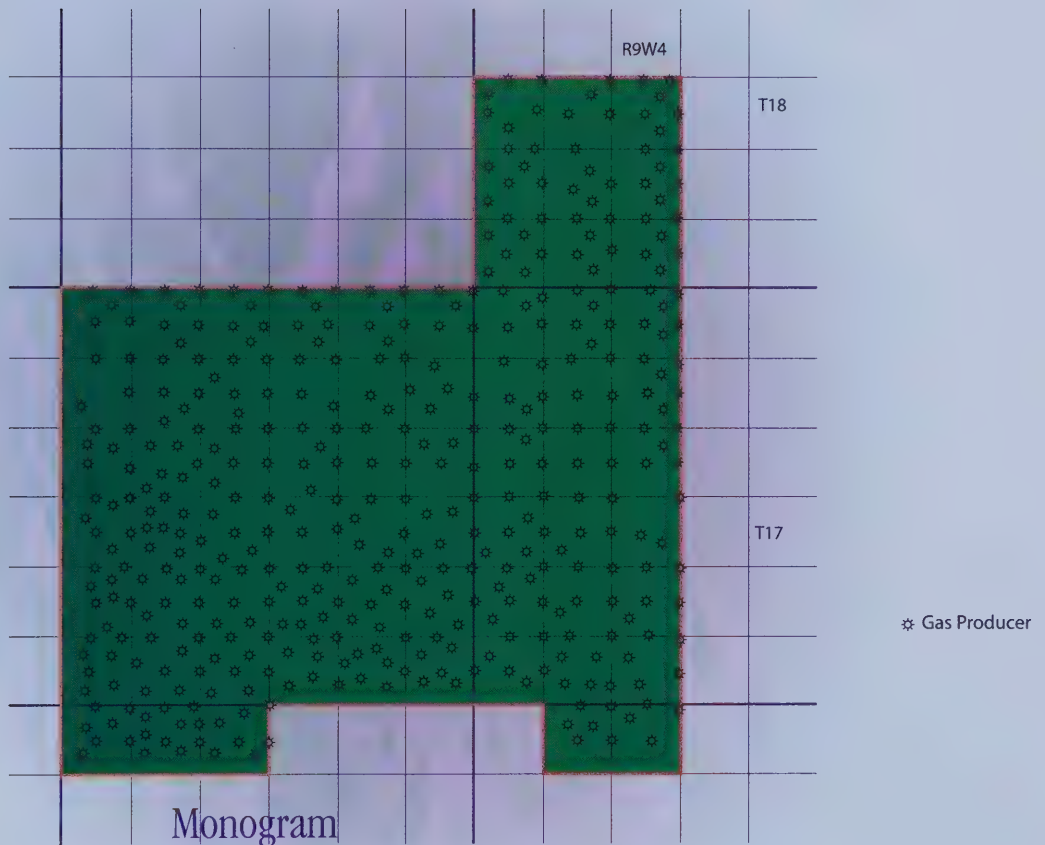
Weyburn

Pengrowth holds a 9.75 percent working interest in this Saskatchewan crude oil property operated by PanCanadian Petroleum Ltd.

A carbon dioxide (CO₂) miscible flood project was initiated in the fall of 2000. CO₂ injection has been initiated in seventeen of nineteen patterns in phase 1A of the flood with injection rates reaching the targeted 90 to 95 mmcf per day in September 2001. The 2002 program includes the addition of four more injection patterns.

Incremental Unit oil production to date from the CO₂ project has ranged from 1,887 to 2,295 bbls per day and the incremental rates are expected to increase to 7,500 bbls of oil per day during 2002 (731 bbls net to Pengrowth).

Pengrowth's remaining Established reserves are estimated at 14.8 million bbls of oil and natural gas liquids and 223 mmcf of natural gas.

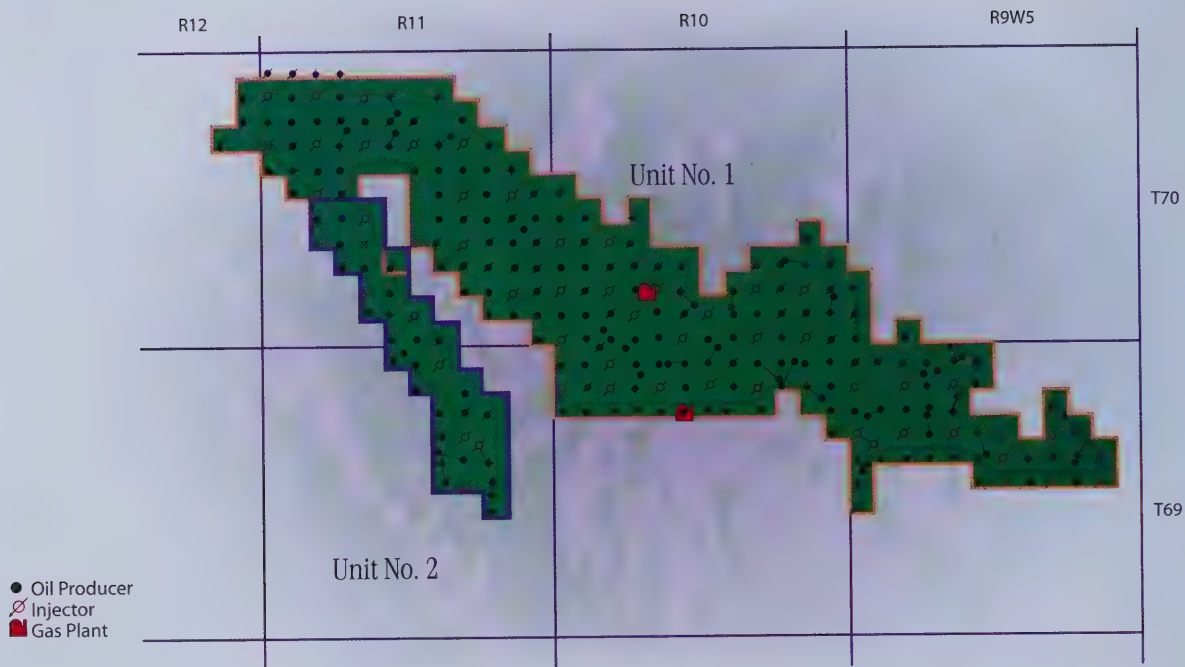


Pengrowth holds a 53.82 percent working interest in the Monogram Gas Unit, operated by PanCanadian Petroleum Ltd. The Unit produces sweet, dry natural gas from the shallow-zone Medicine Hat, Milk River and Second White Specks formations. Currently 416 wells are producing 19.3 mmcf per day (10.4 mmcf per day net to Pengrowth), a production increase of approximately five percent over the year. Established reserves are estimated at 29.5 bcf, net to Pengrowth.

A 40 well infill drilling program in the unit was completed early in 2001 with all wells tied-in and onstream in May. The initial success of the program was masked by a number of compressor failures. The compressor problems have now been remedied.

In addition, Pengrowth participated in two non-Unit Belly River wells during 2001. The wells were tied-in and put on production in the fourth quarter of 2001 at an average rate of 100 mcf per day (32 net).

The operator has no plans for further development in 2002.



House Mountain

Pengrowth holds a 12.1 percent working interest in House Mountain Unit No. 1 and a 7.05 percent working interest in House Mountain Unit No. 2, both operated by Apache Canada Ltd. The units are produced under waterflood and additional potential exists to increase access to the reservoir through horizontal drilling and fracture stimulation. Established reserves are estimated at 3.5 million bbls of oil and natural gas liquids and 288 mmcf of natural gas, net to Pengrowth.

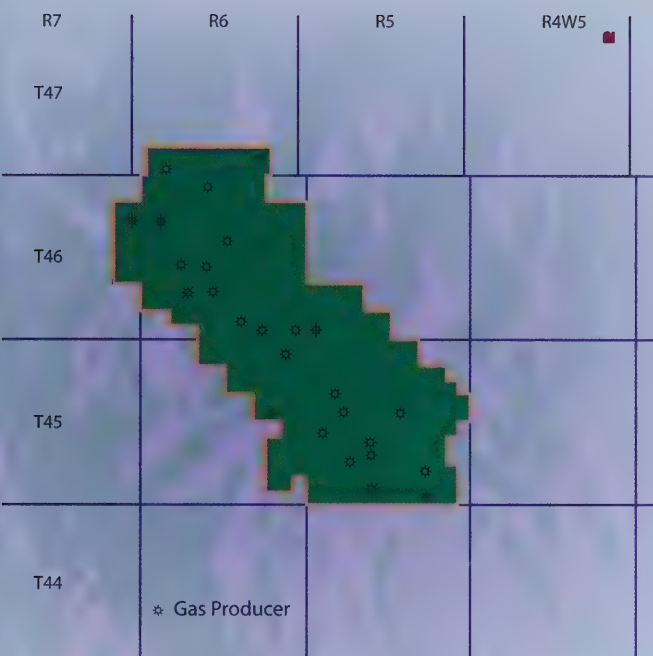
During 2001, five Unit No. 1 wells were refractured yielding incremental production of 65 bbls per day (8 net), and three shut-in wells were reactivated resulting in 80 (10 net) bbls per day of incremental oil. In addition, one producing well was converted to water injection.

Twelve multi-leg horizontal re-entries were also drilled in Unit No. 1. As the resulting average production rate of 44 bbls per day per well from these wells has been lower than anticipated, the operator has determined that the production gains from the multi-leg horizontals are not sufficient to justify the additional expense over single track wells and the 2002 development plans will target single lateral wells.

Minnehik-Buck Lake Unit No. 1

Minnehik-Buck Lake Unit No. 1 is a long life, low decline property producing liquids-rich natural gas which continues to provide opportunities for adding reserves and production. The field is operated by Penn West Petroleum Ltd. Pengrowth has a working interest of 17.9 percent in both the Minnehik-Buck Lake Unit No. 1 and gas plant, from which third party gas processing revenue is received. Production averaged 3.8 mmcf per day net to Pengrowth during 2001. Established reserves are estimated at 8.1 bcf of natural gas and 437,000 bbls of natural gas liquids net to Pengrowth.

During 2001 the operator completed a successful infill drilling program of four natural gas wells. The resulting incremental production from the four wells is expected to be in the range of 4 mmcf per day. Additional wells are planned for 2002 in the Unit.

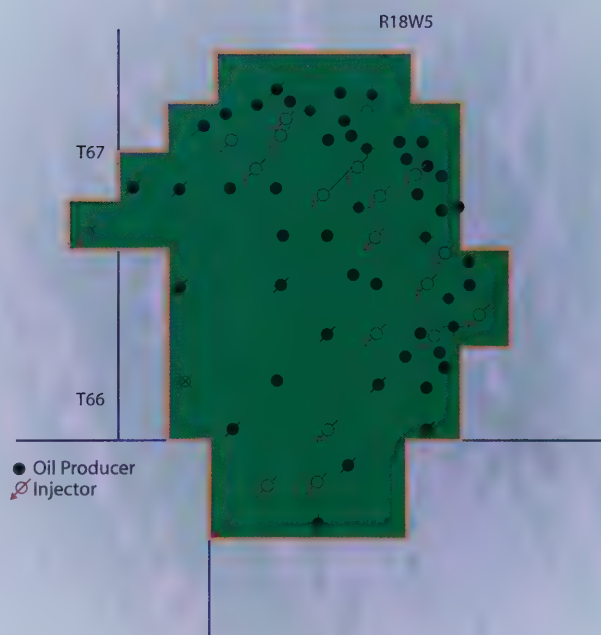


Goose River Unit No. 1

Pengrowth's share of light crude oil production averaged 1,000 bbls per day during 2001 from Goose River Unit No. 1. Established reserves are estimated at 3.8 million bbls of oil and natural gas liquids and 2.4 bcf of natural gas. The Unit, in which Pengrowth holds a 42.25 percent working interest, is operated by Conoco Canada Resources. Currently produced under miscible flood, potential exists to add reserves and production through infill drilling into areas unswept by previous floods.

Two wells were successfully drilled in the Goose River Unit in the third quarter of 2001. One well was drilled in the lagoon portion of the reef complex, offsetting lagoon wells that have produced a combined total of 1.3 million bbls of oil. The second was drilled to test a back reef area thought to have been bypassed by the waterflood.

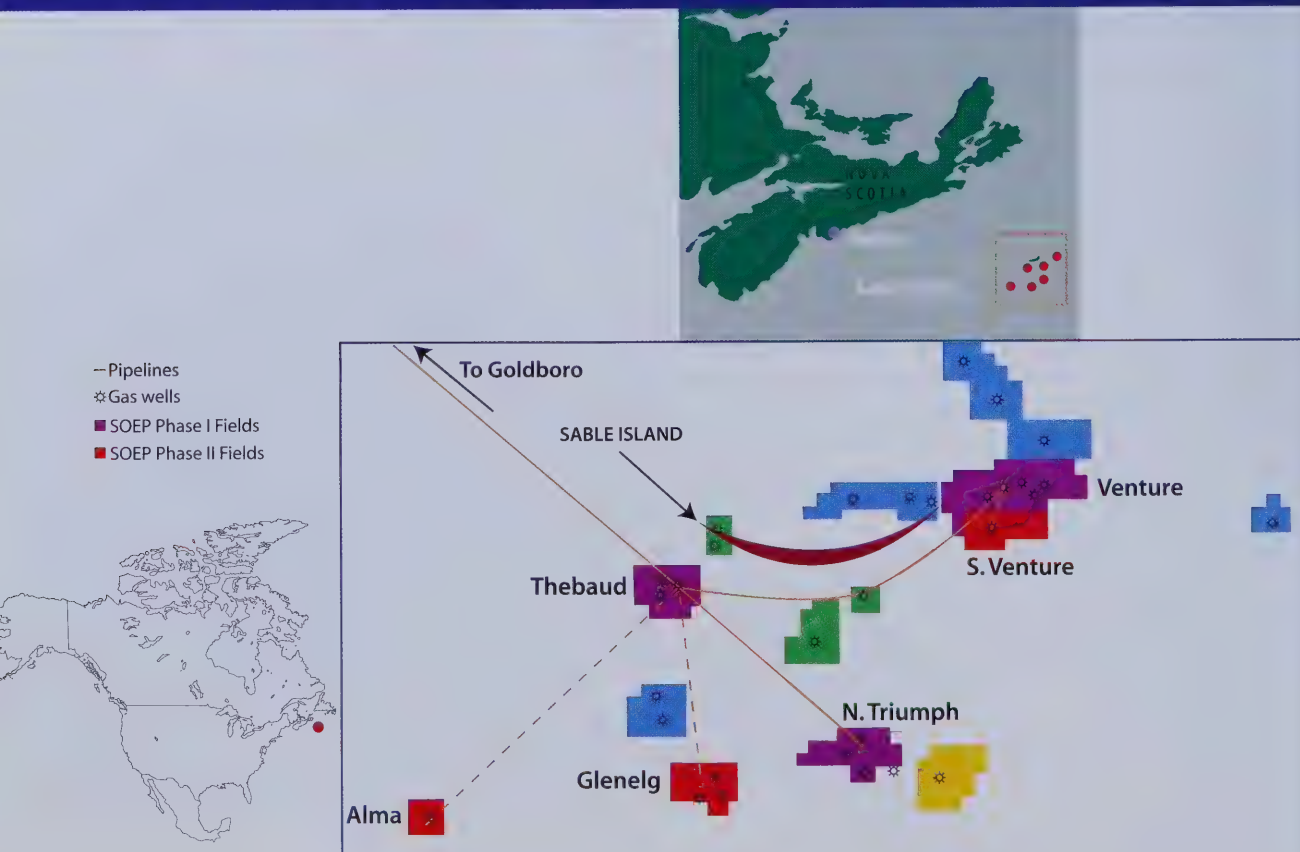
Initial test results from both wells have been encouraging and Pengrowth is awaiting final results before proceeding with two additional lagoonal locations as part of the Unit's 2002 development plan.





Rowan Gorilla II Drilling Rig – Sable Offshore Energy Project

Sable Offshore Energy Project A World Class Natural Gas Asset

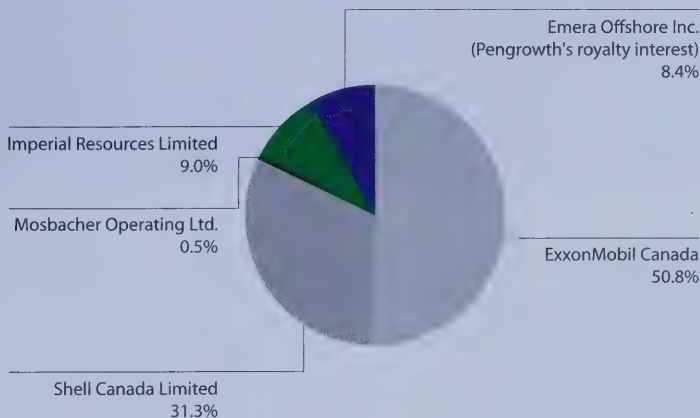


Background

On June 15, 2001 Pengrowth acquired an 8.4 percent royalty interest in the reserves and production related to Emera Inc.'s working interest. SOEP is widely regarded as a world class producing asset. Pengrowth has a 99.9 percent royalty interest in the reserves and production associated with Emera's 8.4 percent working interest and is responsible for its royalty share of associated capital and operating costs. The total SOEP gross remaining Established reserves are estimated by Pengrowth to be in the range of 2.5 tcf and 109 million bbls of natural gas liquids, with Pengrowth's royalty interest in Emera's share estimated at 206 bcf of natural gas and 9.1 million bbls of natural gas liquids.

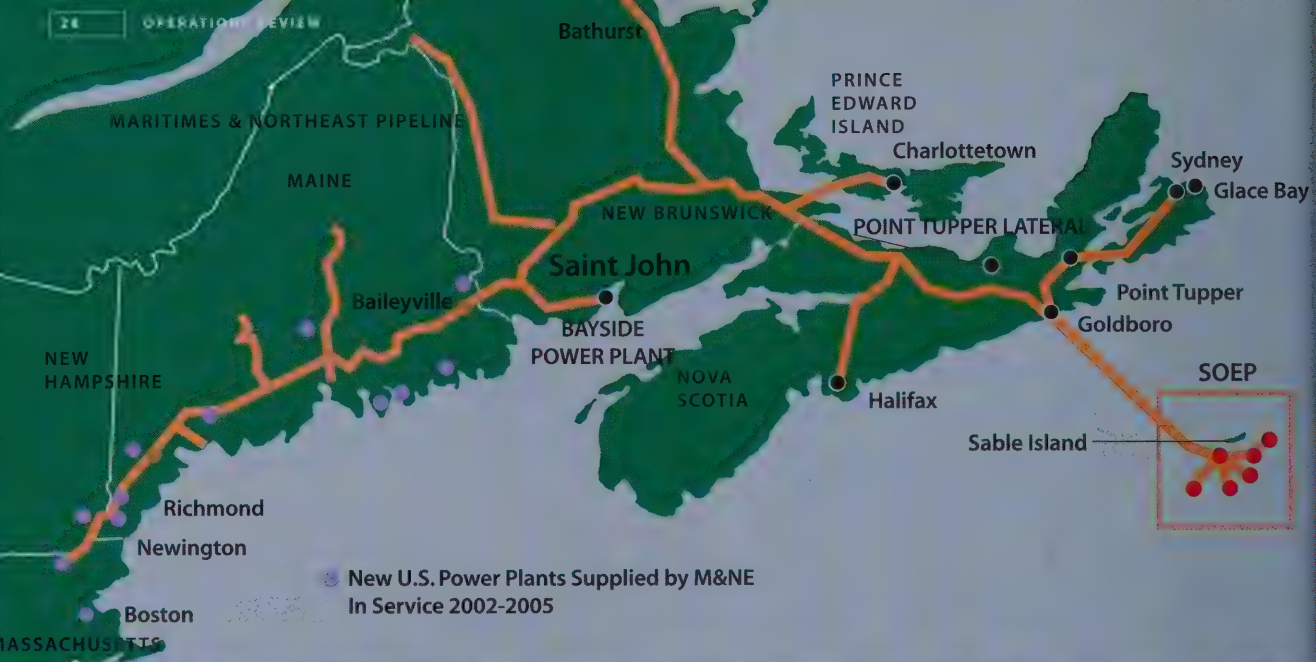
SOEP production averaged 543 mmcf per day during the fourth quarter of 2001, with 45.6 mmcf per day net to Pengrowth through its royalty interest with Emera.

The current ownership structure of the SOEP production assets includes the following companies:



The SOEP natural gas reserves were first discovered in the early 1970s and commercial offshore gas production began in December 1999. SOEP currently produces natural gas and liquids from three fields in the vicinity of Sable Island; Venture, North Triumph and Thebaud.

The SOEP project consists of two tiers. The first tier, completed in December 1999, included the construction of the main gas processing plant at Goldboro, a natural gas liquids fractionation plant at Point Tupper, offshore field platforms at Thebaud, North Triumph and Venture and the offshore pipeline system.

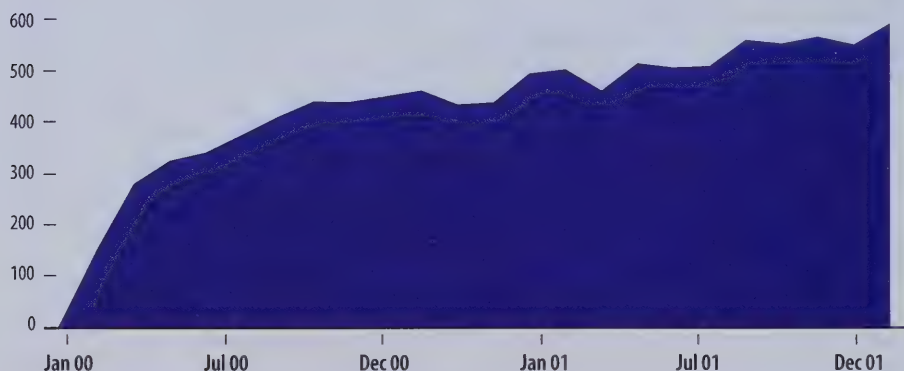


SOEP is widely regarded as an exceptional producing asset. It was first discovered in the early 1970s.

Subject to owner approval, Tier II is expected to be developed over the 2002–2007 timeframe and will add three platforms and production from wells at Alma, Glenelg and South Venture.

Sales gas from SOEP is delivered to the onshore gas plant facility at Goldboro, and the liquids are processed at the fractionation plant in Point Tupper. The refined gas is transported to market via the Maritimes & Northeast Pipeline (M&NE).

SOEP Daily Average Raw Gas Production
(mmcf/d)



Source: Canada Nova Scotia Offshore Petroleum Board



Sable natural gas accounts for 43% of Pengrowth's current gas production.

The first Tier II platform, which is expected to be installed in the Alma field, will be modelled after the existing North Triumph facility. Engineering and procurement for the Alma platform commenced in 2001. Fabrication and construction of the facilities are planned for 2002, followed by installation, commissioning and start-up in 2003.

The Alma field is the most southerly of the Sable project's six gas fields. The Alma processing platform will be located in 67 metres of water and will be connected to the Thebaud central processing platform via a 50-kilometre, 30-centimetre diameter, sub-sea pipeline. The Alma platform is expected to be similar in design, size and function to Sable's existing North Triumph platform.

Development of the Tier II gas fields will be managed in a phased approach over the next several years.

Oil and Gas Reserves

Reserve Reconciliation

Thousands of Barrels of Oil Equivalent (mboe)

Reserves	Proved	Proved & Probable	Established
December 31, 1999	150,575	202,709	176,642
Exploration and development	3,907	3,271	4,269
Revisions	(4,554)	(8,380)	(7,147)
Acquisitions	16,405	26,653	21,528
Production	(12,291)	(12,291)	(12,291)
December 31, 2000	154,043	211,962	183,002
Life index (years)	11.4	14.9	13.2
December 31, 2000	154,043	211,961	183,002
Exploration and development	3,173	2,463	2,818
Revisions	(1,619)	(6,363)	(3,991)
Acquisitions*	40,808	56,023	48,416
Dispositions	(3,983)	(6,028)	(5,006)
Production	(14,717)	(14,717)	(14,717)
December 31, 2001	177,705	243,339	210,522
Life index (years)	11.7	15.5	13.6

* Adjusted for Sable Reserve Revision

Gilbert Laustsen Jung Associates Ltd. (GLJ) has estimated remaining recoverable Established reserves for Pengrowth's 8.4 percent royalty interest in the SOEP project as at December 31, 2001 of 206.1 bcf of natural gas and 9.1 mmbbls of natural gas liquids (NGLs) totalling approximately 43.5 mmboe. These reserves are approximately 14 percent less than the 52.2 mmboe previously reported by Pengrowth as at June 1, 2001 after adjusting for interim production.

Reserve Pricing Forecast

Price Assumptions*	Crude Oil			Alberta Natural Gas Liquids			
	Cdn\$/US\$ Exchange Rate	WTI @ Cushing (US\$/bbl)	Light, Sweet @ Edmonton (Cdn\$/bbl)	Alberta Average (Cdn\$/mmbtu)	Spec Ethane (Cdn\$/bbl)	Edmonton Propane (Cdn\$/bbl)	Edmonton Butane (Cdn\$/bbl)
2002	0.64	22.00	30.75	3.95	13.75	19.75	20.75
2003	0.65	21.00	31.25	4.35	15.25	20.25	21.25
2004	0.67	21.00	30.50	4.45	15.50	19.50	20.50
2005	0.69	21.00	29.50	4.50	15.75	18.50	19.50
2006	0.70	21.25	29.50	4.50	15.75	18.50	19.50
2007	0.70	21.75	30.00	4.50	15.75	19.00	20.00
2008	0.72	22.00	30.50	4.50	15.75	19.50	20.50
2009	0.70	22.25	31.00	4.55	15.75	19.75	21.00
2010	0.70	22.50	31.50	4.60	16.00	20.25	21.50
2011	0.70	23.00	32.00	4.70	16.25	20.50	22.00
2012	0.70	23.25	32.50	4.75	16.50	20.75	22.50
2013+	0.70	+1.5%/yr	+1.5%/yr	+1.5%/yr	+1.5%/yr	+1.5%/yr	+1.5%/yr

* Gilbert Laustsen Jung Associates Ltd. price assumptions effective January 1, 2002

Recycle Ratio
(6 : 1)

	2001	2000	1999	1998	1997
Operating netback per boe*	\$ 17.17	\$ 20.21	\$ 13.14	\$ 8.30	\$ 10.80
F&D costs per boe**	\$ 6.85	\$ 9.28	\$ 5.70	\$ 8.97	\$ 4.71
Recycle ratio***	2.5	2.2	2.3	0.9	2.3

* The operating netback is calculated by subtracting royalties, operating costs, and injectant amortization from revenue generated by oil and gas sales.

** Finding and development (F&D) costs represent the cost of acquiring and developing Established reserves (net of dispositions).

*** The recycle ratio is a measure of the efficiency in which new reserves are added. It is defined as the operating netback divided by the F&D cost.

Summary of Reserves at December 31, 2001*

	Gross Interest Reserves				Estimated Future Net Cash Flow Before Income Tax (\$ millions)		
	Natural Gas (bcf)	Crude Oil (mbbls)	Gas Liquids (mbbls)	Total (mboe)	Discounted at		
					10%	12%	15%
Proved							
Producing	289.6	64,651	15,000	127,911	\$ 875.2	\$ 814.6	\$ 741.1
Non-producing	121.2	22,737	6,858	49,794	\$ 204.7	\$ 171.9	\$ 132.3
Total proved	410.8	87,388	21,858	177,705	\$ 1,079.9	\$ 986.5	\$ 873.4
Probable (50%)	65.4	17,796	4,106	32,817	\$ 149.4	\$ 127.1	\$ 102.5
Total Established	476.2	105,184	25,964	210,522	\$ 1,229.3	\$ 1,113.6	\$ 975.9

	Net Interest Reserves**			
	Natural Gas (bcf)	Crude Oil (mbbls)	Gas Liquids (mbbls)	Total (mboe)
Proved				
Producing	229.9	55,039	10,785	104,146
Non-producing	97.0	19,994	5,262	41,424
Total proved	326.9	75,033	16,047	145,570
Probable (50%)	48.9	14,645	2,943	25,724
Total Established	375.8	89,678	18,990	171,294

* Based on Gilbert Laustsen Jung Associates Ltd. (GLJ) reserve report (the GLJ Report) effective December 31, 2001. Natural gas is converted to equivalent barrels of oil based on 6:1. Natural gas liquids are converted based on 1:1.

** Gross Interest Reserves net of royalties

Management's Discussion and Analysis

The following discussion and analysis of financial results should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2001 and is based on information available to February 28, 2002.

Note Regarding Forward-Looking Statements

This discussion and analysis contains forward-looking statements. These statements relate to future events or our future performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," or the negative of these terms or other comparable terminology. These statements are only predictions. A number of factors, including the business risks discussed below, may cause actual results to vary materially from these estimates. Actual events or results may differ materially. In addition, this discussion contains forward-looking statements attributed to third party industry sources. Readers should not place undue reliance on these forward-looking statements.

When converting natural gas to equivalent barrels of oil within this discussion, Pengrowth has adopted the international standard of six thousand cubic feet (mcf) to one barrel of oil equivalent (boe). All amounts are stated in Canadian dollars unless otherwise specified.

2001 Overview

- Distributable Income of \$215.8 million was earned, one percent below 2000's record level of \$218.3 million.
- Distributable Income per unit was \$3.01 per trust unit, the second highest amount in Pengrowth's history.
- 2001 production increased 20 percent to average 40,320 boe per day.
- Net income decreased 31 percent from \$123.2 million in 2000 to \$85.2 million in 2001.
- Established reserves increased 15 percent to 210.5 mmmboe at year end.
- 48.4 mmmboe of Established reserves were purchased in 2001 for total net cash consideration of \$277.1 million, replacing 329 percent of production at an average cost of \$5.72 per boe.
- Pengrowth diversified its oil and gas property portfolio through the acquisition of an 8.4 percent royalty interest on the natural gas and natural gas liquids production from the Sable Offshore Energy Project (SOEP) located offshore Nova Scotia.
- Pengrowth completed two public trust unit offerings, issuing 17,622,500 units at an average price of \$17.70 to raise a total of \$312 million in gross proceeds. These combined equity financings represent the largest amount of new equity raised in the Canadian oil and gas industry in 2001, and a new single year record amount for Pengrowth.

Results of Operations

Production

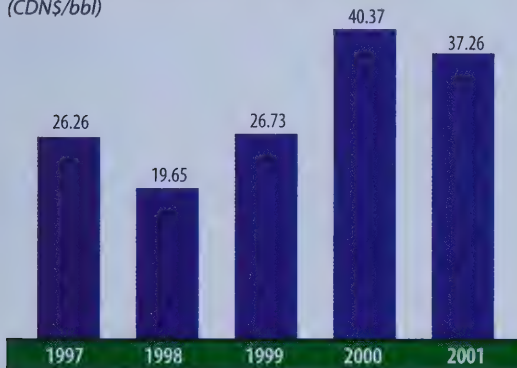
Average daily production increased 20 percent to 40,320 boe per day in 2001 compared to 33,581 boe per day in 2000. This increase is attributable mainly to the acquisition of properties including the Sable royalty interest in June 2001, Kaybob Notikewin in March 2001, and a full year's production from properties acquired in the fourth quarter of 2000. In addition, development programs at several major properties were successful in adding production volumes to help offset normal production declines.

Daily Production Volumes	2001	2000	% Change
Crude oil (bbls/d)	19,726	17,599	12%
Natural gas (mcf/d)	91,764	70,098	31%
Natural gas liquids (bbls/d)	5,258	4,205	25%
Total daily sales volumes (boepd) 6:1 basis	40,320	33,581	20%

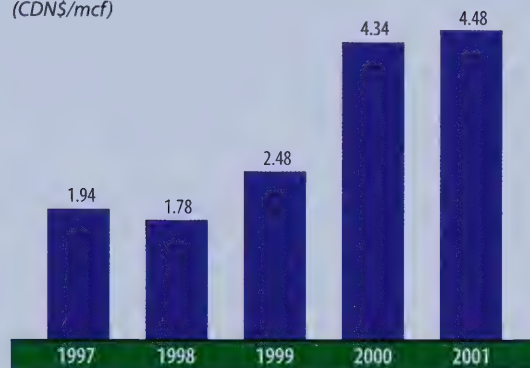
Pengrowth's total 2001 production was 49 percent crude oil, 38 percent natural gas and 13 percent natural gas liquids. Following the addition of the Sable royalty in June 2001, Pengrowth's production portfolio is now more evenly weighted with approximately 43 percent of production coming from natural gas, 43 percent from crude oil, and the remaining 14 percent from natural gas liquids. The exit production rate for December was approximately 43,000 boe per day.

Pricing and Product Marketing

Pengrowth Average Crude Oil Price
(CDN\$/bbl)



Pengrowth Average Natural Gas Price
(CDN\$/mcf)



Pengrowth's average crude oil price fell eight percent in 2001 to \$37.26 per bbl for 2001 compared to \$40.37 in 2000. This price difference reflected a 14 percent drop in the WTI benchmark crude price, from US\$30.20 per bbl in 2000 to US\$25.90 per bbl in 2001, mitigated by Pengrowth's oil hedges and the Canadian/U.S. exchange rate differential.

Pengrowth markets approximately 80 percent of its crude oil production on a direct sales basis, on the Pembina Rainbow and Peace pipeline systems in Alberta. Sales are made to refiners and marketing companies. The remainder of Pengrowth's crude oil is sold at the well site.

In 2001 Pengrowth hedged 2,844 bbls per day, or 14 percent of crude oil production, at an average base price of C\$38.23 per bbl (before transportation and quality differential). Pengrowth's hedging program resulted in a total hedging loss on crude oil for the year of \$0.6 million or \$0.09 per boe, compared to a loss of \$18.1 million or \$2.81 per bbl in the prior year. Hedging losses are recorded as a component of oil and gas sales.

Pengrowth's Average Realized Prices

(Adjusted for Hedging)	2001	2000	% Change
Crude oil (\$/bbl)	\$ 37.26	\$ 40.37	(8%)
Natural gas (\$/mcf)	4.48	4.34	3%
NGL (\$/bbl)	30.68	33.56	(9%)
Total oil and gas sales (\$/boe)	\$ 31.93	\$ 33.87	(6%)

Pengrowth's average natural gas price increased three percent from \$4.34 per mcf in 2000 to \$4.48 per mcf in 2001. In comparison, the average AECO and NYMEX benchmark gas prices increased 26 percent and 10 percent respectively. In the early part of the year, spot prices reached unprecedented highs before falling to significantly lower levels during the second half of the year. Pengrowth's average gas price did not increase as rapidly as spot prices, due to Pengrowth's aggregator based sales and direct fixed price sales. As well, the addition of Sable gas revenues for the second half of the year, which comprise approximately 26 percent of Pengrowth's total gas sales volumes for the year, reduced the overall weighted average price since gas prices were substantially lower in the second half compared to the first half of the year. Sable natural gas comprises approximately 43 percent of Pengrowth's total current natural gas production. Approximately 30 percent of Pengrowth's natural gas is sold to aggregators that provide a basket of fixed and floating index-based prices, as well as exposure to various regions in the U.S. The remainder of Pengrowth's natural gas is sold on a direct basis with reference to AECO or NYMEX price indices.

During 2001 Pengrowth sold 4.8 bcf of gas at an average price of \$2.97 per mcf under fixed price contracts. As spot prices exceeded this hedged position, an opportunity cost of \$16.1 million or \$0.48 per mcf (relative to the monthly AECO index) is included in Pengrowth's gas sales for 2001.

Pengrowth's average price for natural gas liquids (NGLs) fell 9 percent to \$30.68 in 2001, reflecting lower average prices for condensate. The weighted average NGL price was also reduced by the impact of increased sales volumes from SOEP when overall NGL prices were lower compared to the first half of the year.

Oil and Gas Sales

\$ millions	2001	2000	% Change
Crude oil	\$ 268.3	\$ 260.0	3
Natural gas	150.2	111.4	35
Natural gas liquids	58.9	51.6	14
Sulphur	0.1	0.5	(80)
Less GORR royalties	(9.9)	(10.1)	(2)
Gas marketing and brokering income	2.3	2.8	(18)
Total oil and gas sales	\$ 469.9	\$ 416.2	13

Pengrowth's oil and gas sales increased 13 percent to \$469.9 million in 2001. This increase in revenue is attributable to acquisitions over the last year and a higher average gas price, offset in part by lower crude oil and natural gas liquids prices. The following table illustrates the effect of changes in prices and volumes on oil and gas sales.

Oil and Gas Sales – Price and Volume Analysis

(\$ millions)	Oil	Gas	NGL	GORR	Other	Total
Year ended December 31, 2000	\$ 260.0	\$ 111.4	\$ 51.6	\$ (10.1)	\$ 3.3	\$ 416.2
Effect of change in sales volumes	30.6	34.0	12.8			77.4
Effect of increase (decrease) in product price	(22.3)	4.8	(5.5)			(23.0)
Other				0.2	(0.9)	(0.7)
Year-end December 31, 2001	\$ 268.3	\$ 150.2	\$ 58.9	\$ (9.9)	\$ 2.4	\$ 469.9

Royalties

Crown royalties, freehold royalties and mineral taxes decreased to \$72.5 million or 15 percent of oil and gas sales in 2001 compared to \$77.1 million or 19 percent of oil and gas sales in 2000. The reduction in royalties, despite an increase in oil and gas revenues, is due in part to the acquisition of the Sable interest in June, which has a current effective royalty rate of 1 percent. In addition, Crown royalty injection credits realized from miscible floods increased as a result of higher injectant costs in 2001. Pengrowth records all injection credits received as a reduction of royalties in the period received.

If commodity prices remain at current levels, the royalty rate is expected to decrease marginally in 2002 due to the full year impact of Sable revenues with a 1 percent effective royalty rate, offset in part by lower injection credits.

Operating Expenses

Operating expenses increased to \$104.9 million in 2001 compared to \$65.2 million in 2000, mainly as a result of additional properties acquired in the past year. Operating costs per boe increased 34 percent to \$7.13 per boe compared to \$5.30 per boe in 2000. The increase in operating costs per boe is attributable to a number of factors including recent acquisitions with higher average per boe operating costs, higher electrical power rates in Alberta during the first half of the year, increased well workover activity during 2001, and higher costs for the Weyburn CO₂ flood which commenced in late 2000. (Pengrowth includes the costs of injected CO₂ directly in operating costs – \$2.1 million in 2001)

Operating expenses are expected to increase by \$15–\$20 million in 2002 with the full year impact of properties acquired during 2001.

Amortization of Injectants for Miscible Floods

The cost of injectants (primarily ethane and methane) purchased for injection in miscible flood programs is amortized over the period of expected future economic benefit, which is currently 30 months. In 2001, the total cost of purchased injectants was \$56.4 million (2000 – \$46.8 million), with \$47.4 million amortized and deducted from distributable income (2000 – \$32.5 million). As at December 31, 2001, Pengrowth had deferred injectant costs of \$63.0 million, which will be amortized and charged against distributable income in future periods.

The value of Pengrowth's proprietary injectants is not recorded until reproduced from the flood and sold, although the cost of producing these injectants is included in operating costs. Injectant costs are expected to decline in 2002 due to reduced volume requirements and lower forecasted prices for ethane and methane. The amount of injectants amortized against distributable income is expected to begin to decline in the second half of 2002.

Interest Expense

Interest expense increased 8 percent to \$18.8 million in 2001 from \$17.4 million in 2000, as a result of higher average debt outstanding during the year offset in part by lower interest rates. Distributable income covered interest expense by 11 times in 2001 (2000 – 12 times).

Pengrowth's average interest rate for 2001 was 5.2 percent compared to 6.8 percent in 2000. Pengrowth has locked in the interest rate on \$100 million of long-term debt by entering into interest rate swaps for three year terms ending in November and December of 2004, at an average borrowing cost of 4.03 percent, before stamping fees. Pengrowth may consider fixing the rate on an additional portion of the remaining debt, depending on the forward interest rate market.

Many variables will affect interest expense in 2002 including future acquisitions and capital spending, the relative amount of debt and equity financing, as well as prevailing interest rates on the portion of debt for which the interest rate has not been fixed.

General and Administrative Expenses

General and administrative expenses increased marginally from \$7.1 million in 2000 to \$7.5 million in 2001. General and administrative costs per boe decreased from \$0.58 per boe to \$0.51 per boe, as a result of incremental production acquired during the year. Pengrowth anticipates a moderate increase in total general and administrative costs in 2002 due to general cost and salary increases in the industry.

Pengrowth includes the administrative costs associated with its Calgary-based operations team in operating expense. These costs totalled \$3.0 million in 2001 (2000 – \$2.9 million).

Employees

Pengrowth employees (at December 31)

	2001	2000
Calgary office	38	33
Calgary operations	23	16
Field	108	109
Total	169	158

Management Fees

Management fees paid to Pengrowth Management Limited (the Manager) were \$7.1 million in 2001 compared to \$6.9 million in 2000. On a unit of production basis, management fees decreased to \$0.48 per boe, compared to \$0.56 per boe in 2000. Management fees are based on a sliding scale percentage of net operating income, as follows:

Level of Net Operating Income	Management Fee
First \$50 million	3.5%
Next \$50 million	3.0%
All amounts over \$100 million	2.5%

In addition, the Manager earns a fee on the acquisition of oil and gas properties by Pengrowth based on the following sliding scale:

- 1 percent on the "Base Amount." The Base Amount is defined as a minimum of \$100 million, or the purchase price of Established reserves acquired to replace production from the preceding calendar year. If the reserve replacement amount is greater than \$100 million in any year, then it becomes the Base Amount for the next year. The Base Amount for 2001 was \$100 million.
- 0.5 percent of the purchase price of any amount above the Base Amount.

In 2001, \$2.2 million (2000 – \$1.2 million) was paid to the Manager for acquisition fees. Acquisition fees paid to the Manager are capitalized as part of the cost of the acquired properties.

Taxes

Capital taxes of \$2.7 million in 2001 (2000 – \$1.8 million) consist of the Federal Large Corporations Tax and the Saskatchewan Capital Tax and Resource Surcharge.

At December 31, 2001 the tax basis of property, plant and equipment exceeded the net book value of property, plant and equipment by \$132 million, primarily as a result of tax pools acquired in conjunction with the Sable acquisition. As a result, the future tax liability of \$45 million recorded in 2000 has been eliminated in 2001.

In determining its taxable income, Pengrowth Corporation deducts royalty payments to unitholders, and historically, along with other deductions, this has been sufficient to reduce taxable income to nil.

Pengrowth Energy Trust paid \$3.49 per unit as cash distributions during the 2001 calendar year. For Canadian tax purposes 51.4 percent of these distributions or \$1.7951 per unit is taxable income to unitholders for the 2001 tax year. The remaining 48.6 percent or \$1.6949 per unit is a tax deferred return of capital which will reduce the unitholder's cost base of the unit for purposes of calculating a capital gain or loss upon ultimate disposition of the trust units.

At December 31, 2001, the trust had, subject to certification by tax authorities, unused tax deductions of \$11.06 per unit (2000 – \$10.61). At this time, Pengrowth anticipates that approximately 50-55 percent of 2002 distributions will be taxable; this estimate is subject to change depending on the level of commodity prices, acquisitions, dispositions, and new equity offerings.

Depletion and Ceiling Test

Depletion and depreciation of property, plant and equipment is provided on the unit of production method based on total proved reserves, with the conversion of gas to oil using the relative energy content (6 mcf gas:1 boe). The provision for depletion and depreciation increased 39 percent in 2001 to \$124.2 million from \$89.3 million in 2000, due to a larger depletable asset base and higher production. On a unit-of-production basis, depletion increased to \$8.44 per boe in 2001 from \$7.26 per boe in 2000.

Pengrowth places a limit on the carrying value of the property, plant and equipment and other assets (the ceiling test). The cost of these assets, less accumulated depletion, is limited to the estimated future net revenue from proved reserves (based on unescalated prices and costs at the balance sheet date) less estimated future general and administrative costs, financing costs, and management fees. There was a significant surplus in the ceiling test at year-end 2001.

Future Site Restoration

An engineering estimate of the future costs for restoration and abandonment of well sites and facilities is updated annually. This cost estimate is amortized over the life of the properties on a unit of production basis. The provision for future site restoration costs increased to \$8.5 million in 2001 from \$7.6 million in 2000, primarily as a result of properties acquired over the past year with associated future site restoration costs.

Remediation Expenses and Trust Fund Contributions

Pengrowth has Established a trust fund for certain reclamation obligations of the Judy Creek and Swan Hills properties. Pengrowth made contributions of \$1.0 million to this fund in 2001, compared to \$2.5 million in 2000. Effective for 2001 and future years, the required lump-sum contribution to the fund is \$0.25 million annually, compared to \$1.75 million required in 2000. An additional contribution of \$0.10 per boe of production is also required under the terms of the fund. For 2002, Pengrowth expects contributions to the trust fund of approximately \$1.0 million.

Pengrowth also incurred \$1.1 million in reclamation expenditures that were not covered by the trust fund, in comparison to \$0.1 million in 2000.

Netbacks

Netbacks per boe of production (6:1)

Year ended December 31	2001	2000
Oil and gas sales	\$ 31.93	\$ 33.87
Crown and freehold royalties	(4.93)	(6.28)
Other income and ARC	0.60	1.03
Operating costs	(7.13)	(5.30)
Amortization of injectants	(3.22)	(2.64)
Operating netback	17.25	20.68
Interest	(1.28)	(1.41)
General and administrative	(0.51)	(0.58)
Management fees	(0.48)	(0.56)
Capital taxes	(0.18)	(0.15)
Remediation costs and trust contributions	(0.14)	(0.21)
Distributable income per boe	\$ 14.66	\$ 17.77

As illustrated in the chart above, Pengrowth earned distributable income of \$14.66 for every boe produced in 2001. This netback per boe realized in 2001 is \$3.11 per bbl less than 2000, mainly as a result of lower prices and higher operating and injectants costs.

Acquisitions and Dispositions

On June 15, 2001, Pengrowth acquired an 8.4 percent royalty interest in the Sable Offshore Energy Project in Nova Scotia. Pengrowth has a 99.9 percent royalty interest in the reserves and production associated with Emera's 8.4 percent working interest and is responsible for its royalty share of associated capital and operating costs. Through this transaction, Pengrowth acquired Established reserves of 216 bcf of gas and 9.4 mmbbls of natural gas liquids (after adjustment for the reserve reduction announced by Pengrowth in February 2002). The total net purchase price of this acquisition was approximately \$256 million including the acquisition of additional petroleum and natural gas interests completed in December 2001. On March 9, 2001 Pengrowth acquired a 43.5 percent working interest in the Kaybob Notikewin Unit for \$21 million, after adjustments. Pengrowth now holds a 64.5 percent interest in this property and assumed operatorship in April. Kaybob currently produces approximately 5.8 mmcf per day of natural gas and 46 bbls per day of natural gas liquids net to Pengrowth.

In total, Pengrowth acquired 48.4 mmoeb of Established reserves in 2001, with an average reserve life index of 14 years at a price of \$5.72 per boe to replace 329 percent of production. During 2001, Pengrowth sold non-core properties for total aggregate proceeds of \$23.6 million, after adjustments. Subsequent to year-end, Pengrowth sold an additional non-core property, a 2.67 percent interest in the Virginia Hills Unit, for \$3.8 million, net of adjustments. In addition, Pengrowth is currently marketing four additional non-core properties: Strachan, North Pembina Cardium Unit #1, Niton Unit and Minehead. These properties have total Established reserves of 9.8 mmoeb, and current production of approximately 1,900 boe per day.

Capital Expenditures

Pengrowth spent \$74.0 million in capital expenditures in 2001 compared to \$59.8 million in 2000. Of this amount, \$59.5 million was spent on development drilling, completions and tie-ins, and \$14.5 million was spent on facilities.

Capital Expenditures

Year ended December 31		2001		2000
(\$ millions)				
Property	Development Drilling	Facilities	Total Capital Expenditures	Total Capital Expenditures
Judy Creek	\$ 24.1	\$ 3.7	\$ 27.8	\$ 28.9
Sable*	6.7	0.8	7.5	—
McLeod River	5.3	0.6	5.9	9.2
Weyburn	3.1	2.2	5.3	4.8
Monogram	3.3	0.9	4.2	1.6
House Mountain	3.0	1.0	4.0	—
Nipisi	2.4	0.6	3.0	—
Minnehik	0.7	1.5	2.2	—
Strachan	1.8	0.2	2.0	1.3
Swan Hills	1.5	0.5	2.0	2.1
Enchant	1.6	0.1	1.7	3.0
Goose River	0.5	0.9	1.4	—
Dunvegan	1.1	0.2	1.3	0.7
Other	4.4	1.3	5.7	8.2
Total	\$ 59.5	\$ 14.5	\$ 74.0	\$ 59.8

* Relates only to Pengrowth's royalty share of capital expenditures

At Judy Creek, development drilling included four producing oil wells and three solvent injection wells. In addition, by drilling new wells and working over existing suspended wells, Pengrowth placed eight natural gas wells on production in 2001. Facilities expenditures included optimizing processing at the gas plant complex which permitted one plant to be shut down. This is expected to result in annual cost savings of over \$500,000 net to Pengrowth.

At Sable, the Venture 2 well was placed onstream in August and current raw gas production (based on January 2002 average) is 74.5 mmcf per day (6.2 mmcf per day net to Pengrowth). The Thebaud 6 well commenced production in December, with January 2002 raw gas production averaging 37.3 mmcf per day (3.1 mmcf per day net to Pengrowth).

At McLeod River, two new producing gas wells were drilled in which Pengrowth has 100 percent and 87.5 percent working interests respectively. Current production from these two wells totals approximately 1.6 mmcf per day net to Pengrowth.

At Weyburn, development activities included additional infill drilling, injection wells and infrastructure to support the CO₂ miscible flood project. Positive response from the CO₂ injection commenced in the third quarter of 2001, with incremental oil production increasing to approximately 2,000 bbls per day (195 bbls per day net to Pengrowth) by year-end.

At Monogram, Pengrowth participated in a 40 well shallow gas infill program and two successful non-unit wells.

At House Mountain, development activities included four new horizontal oil wells, reactivation of three existing oil wells, and acid frac stimulations on five wells.

At Nipisi, Pengrowth drilled one producing oil well (100 percent Pengrowth), which is currently producing 82 bbls per day, and one water injector, which is awaiting regulatory approval to commence water injection.

Net Asset Value

In the following table, Pengrowth's net asset value is measured with reference to the present value of future net cash flows from reserves, as estimated by independent reserve engineers, Gilbert Laustsen Jung Associates (GLJ), less any working capital deficiency and long-term debt at year-end.

Net Asset Value December 31, 2001 (\$ millions except per unit amounts)	Present Worth Discounted At		
	10%	12%	15%
Present value of net cash flows from Established reserves*	\$ 1,229	\$ 1,114	\$ 976
Current assets less current liabilities	2	2	2
Remediation trust fund	6	6	6
Distributions payable to unitholders	22	22	22
Long-term debt	(345)	(345)	(345)
Net asset value	\$ 914	\$ 799	\$ 661
Net asset value per trust unit	\$ 11.13	\$ 9.72	\$ 8.04

* Based on GLJ's report effective December 31, 2001 for Established Reserves (proved plus half probable) and GLJ's January 2002 price forecast, including the effects of Pengrowth's current hedging program.

Financial Resources and Liquidity

Pengrowth's long-term debt increased by \$58.6 million in fiscal 2001 to \$345.5 million at December 31, 2001. The increase is attributable to property acquisitions and capital spending and an increase in working capital and deferred injectants, offset by proceeds of equity offerings and property dispositions.

Continuity of Long-term Debt

(\$ millions)	2001	2000
Beginning balance, January 1	\$ 287	\$ 230
Less: Net Equity Proceeds	(306)	(179)
Property dispositions	(24)	—
Add: Property acquisitions	280	182
Capital expenditures	74	60
Deferred injectants (temporarily debt financed)	9	14
Change in working capital	25	(20)
Ending balance, December 31	\$ 345	\$ 287

In 2002, Pengrowth anticipates that the increase in debt required to finance capital expenditures (estimate of \$56 million for existing properties) will be largely offset by reduction of debt due to amortization of solvents, and proceeds from the sale of non-core assets. In January, Pengrowth sold a minor interest in the Virginia Hills Unit for net proceeds of \$3.8 million. Additional non-core properties with an aggregate value of approximately \$30–\$40 million have also been offered for sale subsequent to year-end.

Pengrowth has a \$415 million revolving credit facility syndicated among nine financial institutions with an extendible 364 day revolving period and a three-year amortization term. In addition, it has a \$35 million demand operating line of credit that is currently reduced by outstanding letters of credit in the amount of approximately \$14 million. In June 2002, Pengrowth will be required to provide an additional letter of credit for \$25 million in respect to future Sable capital expenditures.

Financial Leverage and Coverage

	2001	2000
Distributable income to interest expense (times)	11	12
Long-term debt to distributable income (times)	1.6	1.3
Long-term debt to long-term debt plus equity (%)	30%	31%

Pengrowth's current policy is to pay out cash flow before capital expenditures, net of all trust expenses, to unitholders. Capital spending and acquisitions are generally debt financed and credit capacity is replenished by issuing equity when appropriate. Although it has not been required in the past, management has the ability to retain a portion of the cash flow to repay debt and/or contribute to capital spending in the future.

The CICA has recently issued EIC 122, "Balance Sheet Classification of Callable Debt Obligations and Debt Obligations Expected to be Refinanced", which is effective January 1, 2002. This abstract addresses classification as current or long-term of certain debt agreements where the debt is callable or scheduled to mature within one year but expected to be refinanced on a long term basis. Beginning in 2002, under these new guidelines, a portion of Pengrowth's bank debt may be classified as current since renewal of the facility is at the Bank's option.

Risk Management Program

Pengrowth uses forward and futures contracts to manage its exposure to commodity price fluctuations.

Pengrowth currently has financial swap transactions in place that fix the price on 2,000 bbls of oil per day for 2002 (11 percent of estimated production) at an average price of C\$35.04. Natural gas sales totalling 7,000 mmbtu per day of Sable production have been fixed at a price of US\$3.90 per mmbtu (before transportation), for the next three years using financial swap transactions. Pengrowth also has natural gas fixed price sales contracts on 8,720 mcf per day of Western Canadian natural gas at a price of C\$2.99 per mcf until October 31, 2002. Additional hedging transactions may be entered into depending on the forward market for the price of natural gas and crude oil, acquisitions and other market developments and expectations.

Pengrowth has also entered into interest rate swaps on \$100 million of its long-term debt, fixing the interest rate at 4.03 percent, before stamping fees for a period of three years. Although current short-term borrowing rates have dipped below 3 percent, Pengrowth believes fixing a portion of its interest cost for a three year period is prudent, given that interest rates are at 40 year lows. Pengrowth may consider locking in the interest rate on up to an additional \$50 million of long-term debt, depending on market rates.

The Accounting Standards Board of the CICA has recently approved Accounting Guideline No. 13 – Hedging Relationships. The Guideline establishes requirements for the identification, documentation, designation and effectiveness of hedges. The new standards will require entities to adopt more rigorous hedge documentation and effectiveness assessment processes prior to July 1, 2002.

Sensitivity Analysis

The following table estimates the impact that changes to commodity prices, production levels and exchange rates may have on unitholder distributions. This analysis is based on GLJ forecast prices, production levels and exchange rates for 2002.

	Effect on Pengrowth per unit distributions
Change of US\$1.00 per barrel in the price of crude oil	\$ 0.092
Change of Cdn\$0.10 per mcf in the price of natural gas	\$ 0.033
Change of \$0.01 in the US\$/Cdn\$ exchange rate	\$ 0.037
Change of 1% in interest rates	\$ 0.030
10% change in crude oil production	\$ 0.261
10% change in natural gas production	\$ 0.150
10% change in natural gas liquids production	\$ 0.047

Trust Unit Information

Pengrowth had 82,240,069 trust units outstanding at December 31, 2001, compared to 63,852,198 trust units at December 31, 2000. The weighted average number of units during the year was 70,910,746.

Trust Unit Trading		High	Low	Close	Volume (000s)	Value (\$ millions)
2001	1st quarter	\$ 21.25	\$ 18.70	\$ 19.85	8,784	\$ 176.2
	2nd quarter	21.95	17.11	18.10	10,048	205.2
	3rd quarter	19.50	14.05	15.00	9,471	163.8
	4th quarter	17.20	12.80	14.22	12,946	189.2
	Year	\$ 21.95	\$ 12.80	\$ 14.22	41,249	\$ 734.4
2000	1st quarter	\$ 17.50	\$ 15.00	\$ 16.90	4,554	\$ 74.2
	2nd quarter	19.25	16.50	19.10	6,838	125.7
	3rd quarter	20.35	18.00	19.20	4,790	93.0
	4th quarter	20.30	18.25	19.20	5,312	101.4
	Year	\$ 20.35	\$ 15.00	\$ 19.20	21,494	\$ 394.3

On May 31, 2001 Pengrowth completed a public offering of 10,895,000 units at \$20.70 per unit to raise total gross proceeds of \$225.5 million. In December 2001, Pengrowth completed another public offering issuing an additional 6,727,500 units at \$12.85 for gross proceeds of \$86.4 million.

During 2001, Pengrowth also issued 628,828 units pursuant to the exercise of trust unit options for proceeds of \$10.1 million, and 136,543 units were issued pursuant to the Distribution Reinvestment Program for proceeds of \$2.6 million.

The Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) has recently approved new standards for accounting for stock options and other stock-based plans. The new rules will require companies to measure and record compensation expense for employee stock options in many circumstances. The new standard would also require compensation expense in the income statement for any plans that allow for settlement in cash. In addition, companies will be required to measure the fair value of all stock awards granted subsequent to January 1, 2002 using an option pricing model (such as Black-Scholes), in order to present pro-forma earnings and earnings per share amounts in the notes to the financial statements. These new rules will be effective for fiscal years commencing January 1, 2002, however the CICA has granted a six-month period in which companies may implement changes to existing stock based compensation plans pursuant to the new rules.

Business Risks

The amount of distributable income available to unitholders and the value of Pengrowth Energy Trust units are subject to numerous risk factors. As the trust units allow investors to participate in the net cash flow from Pengrowth's portfolio of producing oil and natural gas properties, the principal risk factors that are associated with the oil and gas business, include, but are not limited to, the following influences:

- The prices of Pengrowth's products (crude oil, natural gas, and natural gas liquids) fluctuate due to local and global market supply and demand, weather patterns, pipeline transportation, political stability.
- Canadian/ U.S. exchange rates influence revenues and, to a lesser extent, operating and capital costs.
- Geological and operational risks affect the quantity and quality of reserves and the costs of recovering those reserves.
- Increased activity within the oil and gas sector can increase the cost of goods and services and make it more difficult to hire and retain professional staff.
- The Alberta government's deregulation of the electrical power industry has resulted in more volatility in cost of electricity.
- Government royalties, income tax laws, environmental laws and regulatory initiatives impact Pengrowth financially and operationally.
- Changing interest rates influence borrowing costs and the availability of capital.
- Environmental and safety risks influence the workforce, operating costs and compliance with regulatory standards.
- The ability to replace production depends on Pengrowth's success in developing existing reserves, acquiring new reserves and financing this development and acquisition activity within the context of the capital markets.
- The declining value of the Canadian dollar, relative to the U.S. dollar, provides a competitive advantage to U.S. companies in acquiring Canadian oil and gas properties and may make it more difficult to replace reserves through acquisitions.

Pengrowth mitigates some of these risks by:

- Fixing the price on a portion of its future crude oil and natural gas production
- Fixing the Canadian/ U.S. exchange rate through financial hedging contracts or by fixing commodity prices in Canadian dollars.
- Fixing interest rates through interest rate swaps on a portion of its long-term debt.
- Offering competitive incentive-based compensation packages to attract and retain highly qualified and motivated professional staff.
- Adhering to strict investment criteria for acquisitions.
- Acquiring mature production with long life reserves and relatively stable production.
- Performing extensive geological, geophysical, engineering and environmental analysis before committing to capital development projects.
- Geographically diversifying its portfolio to mitigate individual property risk.
- Controlling costs to maximize profitability.
- Developing and adhering to policies and practices that protect the environment and meet or exceed the regulations imposed by the government.
- Developing and adhering to safety policies and practices that meet or exceed regulatory standards.
- Ensuring strong third party operators for non-operated properties.
- Carrying insurance to cover physical losses and business interruption.

Business Prospects

The degree to which Pengrowth investor's returns are tied to oil and gas prices was clearly demonstrated in 2001. As the year began, natural gas prices in Alberta reached highs of over \$12.00 per mcf on the spot market, and WTI was over \$US29.00 per bbl. Pengrowth paid out record high distributions, reaching a maximum of \$0.43 per unit in March 2001, and Pengrowth Trust units traded as high as \$21.95 in the second quarter of 2001. By comparison, the year ended with WTI in the \$US19.00 to \$US20.00 range and gas at approximately \$3.50 per mcf. Pengrowth paid out \$0.15 in December and Pengrowth trust units traded as low as \$12.80.

The near-term outlook for both oil and gas prices is uncertain. Natural gas prices may continue to experience downward pressure due to a milder than average winter during the first half of the heating season, the lingering effects of September 11 on the U.S. economy and a general economic slowdown. Crude oil prices have also been under pressure due to the recent decline in demand and a buildup of U.S. inventories. Political factors surrounding President Bush's continued war on terrorism and the ability of OPEC countries to manage production quotas, could result in price volatility in the short term.

Taking a longer-term view, the price outlook for both natural gas and crude oil remains favorable. On the demand side, we are beginning to see signs of economic recovery in Canada and the U.S. North American natural gas supply and demand have returned to a close balance, with new discoveries and development not keeping pace with existing production decline rates. Many oil and gas companies in North America have reduced their 2002 exploration and development budgets significantly as compared to 2001. Although the high natural gas storage levels coming out of the winter heating season may continue to exert some downward pressure on prices through the second quarter of 2002, it is possible that prices could see some improvement in the second half of the year. Crude oil prices have recently shown recovery compared to the lows reached at the end of 2001. An increase in demand fueled by any sustained economic recovery could result in prices rising above the current range of \$US20.00 to \$US21.00 WTI.

The acquisition of Sable royalty interest has added significant upside potential to unitholders of Pengrowth through long life gas reserves and leverage to potential increases in natural gas prices. Production to date has exceeded Pengrowth's expectations even though there was a reduction of total remaining recoverable reserves announced by Pengrowth in February 2002. Development of this property is higher risk and higher cost and the property is at an earlier stage of development than the balance of Pengrowth's portfolio, however, the potential returns may also be higher. The majority of Sable gas is marketed into the northeastern United States region, which historically has been a premium market. Less than 20 percent of Pengrowth's royalty interest in Sable production has been sold forward, therefore unitholders could realize significant upside should natural gas prices improve.

Pengrowth's future success will depend in part on its ability to continue to raise sufficient capital, both debt and equity, in order to finance future acquisitions and capital expenditures. At year-end, Pengrowth's debt to distributable income ratio was 1.6 times, however, if commodity prices remain at current levels, this ratio would increase based on the level of debt and equity at year-end 2001. Pengrowth seeks to maintain a conservative financial structure, to maximize our flexibility in pursuing investment opportunities as they arise. Going into 2002, Pengrowth is pursuing several initiatives which will help to further strengthen its balance sheet, and improve Energy Trust's access to capital. A listing application on the New York Stock Exchange will be submitted and, if accepted, a listing is expected in the second quarter of 2002. At the time of printing, we are in the process of marketing a package of minor non-core properties with an aggregate value of approximately \$35-\$40 million (after adjustments). If sold, the proceeds will be used primarily to reduce debt.

Pengrowth continues to pursue opportunities to acquire oil and gas properties in order to replenish reserves and maximize unitholder value. Continued merger and acquisition activity within the industry is expected to present further opportunities to acquire properties, as companies seek to rationalize their holdings. Pengrowth also continues to pursue further development and production enhancement opportunities with our existing properties, to control costs and maximize production in a continued effort to enhance unitholder value.

Historical Cash Distributions

Distribution Date	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
January 15	\$ 0.34	0.25	0.11	0.14	0.15	0.08	0.07	0.06	0.19	—	—
February 15	0.40	0.26	0.13	0.22	0.31	0.13	0.18	0.10	0.14	0.12	0.21
March 15	0.43	0.30	0.13	0.11	0.15	0.08	0.07	0.06	0.05	—	—
April 15	0.33	0.32	0.22	0.24	0.24	0.23	0.22	0.16	0.18	0.26	0.48
June 15	0.29	0.24	0.16	0.11	0.21	0.20	0.16	0.13	0.05	0.04	—
July 15	0.26	0.26	0.19	0.11	0.15	0.20	0.08	0.06	0.05	0.04	—
August 15	0.28	0.30	0.22	0.11	0.15	0.16	0.08	0.07	0.05	0.04	0.12
September 15	0.21	0.28	0.21	0.11	0.17	0.10	0.08	0.07	0.24	0.04	—
October 15	0.21	0.30	0.22	0.11	0.11	0.16	0.14	0.13	0.06	0.04	—
November 15	0.21	0.38	0.25	0.11	0.11	0.10	0.08	0.07	0.06	0.05	0.03
December 15	0.15	0.37	0.23	0.17	0.14	0.14	0.12	0.15	0.06	0.05	—
Total	\$ 3.49	3.55	2.22	1.65	2.11	1.67	1.35	1.12	1.18	0.68	0.84
Cumulative total	\$ 21.07	17.58	14.03	11.81	10.16	8.05	6.38	5.03	3.91	2.73	2.05

MANAGEMENT'S REPORT

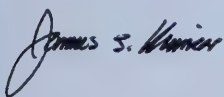
Management's Responsibility to the Unitholders

The financial statements are the responsibility of the management of Pengrowth Energy Trust. They have been prepared in accordance with generally accepted accounting principles, using management's best estimates and judgements, where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

Management is also responsible for ensuring the management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board, which is composed of three non-management directors. The Committee meets periodically with management and the auditors to satisfy itself that management's responsibilities are properly discharged, to review the financial statements and to recommend approval of the financial statements to the Board.

KPMG, the independent auditors appointed by the unitholders, have audited Pengrowth Energy Trust's consolidated financial statements in accordance with generally accepted auditing standards and provided an independent professional opinion. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and their related findings as to the integrity of the financial reporting process.



James S. Kinnear
President and
Chief Executive Officer
February 25, 2002



Gordon M. Anderson
Vice President and Interim Chief Financial Officer

AUDITORS' REPORT

To the Unitholders of Pengrowth Energy Trust

We have audited the consolidated balance sheets of Pengrowth Energy Trust as at December 31, 2001 and 2000 and the consolidated statements of income and distributable income, unitholders' equity and cash flow for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2001 and 2000 and the results of its operations and its cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Calgary, Canada
February 25, 2002

Consolidated Balance Sheets

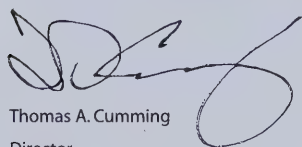
As at December 31

(stated in thousands of dollars)

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,797	\$ 4,533
Accounts receivable	27,859	33,103
Inventory	2,687	8,509
	34,343	46,145
REMEDIATION TRUST FUND (Note 3)	6,470	5,515
PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS (Note 5)	1,208,526	1,038,823
	\$ 1,249,339	\$ 1,090,483
LIABILITIES AND UNITHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 31,359	\$ 40,396
Distributions payable to unitholders	22,207	48,010
Due to Pengrowth Management Limited (Note 10)	523	1,941
Current portion of obligation under capital lease	—	553
	54,089	90,900
LONG-TERM DEBT (Note 6)	345,456	286,823
FUTURE SITE RESTORATION COSTS	32,591	25,285
FUTURE INCOME TAXES (Note 9)	—	45,510
TRUST UNITHOLDERS' EQUITY (Note 7)	817,203	641,965
	\$ 1,249,339	\$ 1,090,483

See accompanying notes to the consolidated financial statements.

Approved on behalf of Pengrowth Energy Trust by Pengrowth Corporation, as Administrator:



Thomas A. Cumming
Director



Francis G. Vetsch
Director

Consolidated Statements of Income and Distributable Income

Years ended December 31

(stated in thousands of dollars)

	2001	2000
REVENUES		
Oil and gas sales	\$ 469,929	\$ 416,228
Processing and other income	7,071	5,520
Crown royalties	(65,703)	(70,111)
Alberta Royalty Tax Credit	500	517
Freehold royalties and mineral taxes	(6,757)	(6,994)
	405,040	345,160
Interest and other income	1,348	5,788
NET REVENUE	406,388	350,948
EXPENSES		
Operating	104,943	65,195
Amortization of injectants for miscible floods	47,448	32,463
Interest	18,806	17,354
General and administrative	7,467	7,081
Management fee (Note 10)	7,120	6,873
Capital taxes	2,659	1,830
Depletion and depreciation	124,208	89,253
Future site restoration	8,529	7,612
	321,180	227,661
INCOME BEFORE THE FOLLOWING	85,208	123,287
Royalty income attributable to royalty units other than those held by Pengrowth Energy Trust	58	72
NET INCOME	85,150	123,215
Add: Depletion, depreciation and future site restoration	132,737	96,865
Alberta Royalty Credit received during year	517	1,378
Deduct: Alberta Royalty Credit accrued for year	(500)	(517)
Remediation expenses and trust fund contributions (Note 3)	(2,117)	(2,601)
DISTRIBUTABLE INCOME	\$ 215,787	\$ 218,340
NET INCOME PER UNIT (Note 11)		
Basic	\$ 1.201	\$ 2.213
Diluted	\$ 1.197	\$ 2.194
DISTRIBUTABLE INCOME PER UNIT (Note 11)		
Based on weighted average units outstanding	\$ 3.043	\$ 3.922
Based on actual distributions paid or declared	\$ 3.010	\$ 3.785

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flow

Years ended December 31

(stated in thousands of dollars)

	2001	2000
CASH PROVIDED BY (USED FOR):		
OPERATING		
Net income	\$ 85,150	\$ 123,215
Items not involving cash		
Depletion, depreciation and future site restoration	132,737	96,865
Amortization of injectants	47,448	32,463
Purchase of injectants	(56,352)	(46,782)
Expenditures on remediation	(1,223)	(871)
Gain on sale of marketable securities	—	(2,741)
Funds generated from operations	207,760	202,149
Distributions	(241,590)	(197,826)
Changes in non-cash operating working capital (Note 8)	(2,919)	4,976
	(36,749)	9,299
FINANCING		
Change in long-term debt	58,080	56,571
Proceeds from issue of trust units	305,875	178,500
	363,955	235,071
INVESTING		
Expenditures on property acquisitions	(280,058)	(181,628)
Expenditures on property, plant and equipment	(74,026)	(59,759)
Proceeds on property dispositions	23,567	—
Change in Remediation Trust Fund	(955)	(1,730)
Marketable securities	—	5,333
Change in non-cash investing working capital (Note 8)	3,530	(798)
	(327,942)	(238,582)
INCREASE (DECREASE) IN CASH	(736)	5,788
CASH AND TERM DEPOSITS (BANK INDEBTEDNESS)		
AT BEGINNING OF YEAR	4,533	(1,255)
CASH AND TERM DEPOSITS AT END OF YEAR	\$ 3,797	\$ 4,533

See accompanying notes to the consolidated financial statements

Consolidated Statements of Trust Unitholders' Equity

Years ended December 31

(stated in thousands of dollars)

	2001	2000
Unitholders' equity at beginning of year	641,965	\$ 558,590
Units issued, net of issue costs	305,875	178,500
Net income for year	85,150	123,215
Distributable income	(215,787)	(218,340)
TRUST UNITHOLDERS' EQUITY AT END OF YEAR	\$ 817,203	\$ 641,965

Notes to Consolidated Financial Statements

Years ended December 31, 2001 and 2000

(tabular amounts are stated in thousands of dollars except per unit amounts.)

1. STRUCTURE OF THE TRUST

Pengrowth Energy Trust ("EnergyTrust") is a closed-end investment trust created under the laws of the Province of Alberta pursuant to a Trust Indenture dated December 2, 1988 (as amended) between Pengrowth Corporation ("Corporation") and ComputerShare Investor Services Inc. (formerly Montreal Trust Company of Canada). Operations commenced on December 30, 1988. The beneficiaries of EnergyTrust are the holders of trust units (the "unitholders").

EnergyTrust acquires and holds royalty units issued by the Corporation, which entitles EnergyTrust to the net revenue generated by Corporation's petroleum and natural gas properties less certain defined charges. In addition, unitholders are entitled to receive the net cash flows from other investments that are held directly by EnergyTrust. As at December 31, 2001 EnergyTrust owned 99.9 percent of the royalty units issued by the Corporation.

Pengrowth Management Limited (the "Manager") is responsible for the management of the business affairs of the Corporation and the administration of EnergyTrust. At December 31, 2001, the shares of the Corporation were wholly owned by the Manager, and the Manager is controlled by a director of the Corporation. Subsequent to year-end, Corporation issued 1,000 common shares to EnergyTrust for proceeds of \$1,000 resulting in EnergyTrust owning 91% of the common shares of Corporation.

Under the terms of the Royalty Indenture, the Corporation is entitled to retain a one percent share of royalty income and all miscellaneous income (the "Residual Interest") to the extent this amount exceeds the aggregate of debt service charges, general and administrative expenses, and management fees. In 2001 and 2000, the Corporation was not eligible to retain this Residual Interest.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

EnergyTrust's consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and they include the accounts of EnergyTrust and the accounts of Corporation (collectively referred to as "Pengrowth"). All inter-entity transactions have been eliminated. These financial statements do not contain the accounts of the Manager.

Although there is no legal ownership between EnergyTrust and Corporation, EnergyTrust, through the royalty, obtains substantially all the economic benefits of Corporation. In addition, the unitholders of EnergyTrust have the right to elect the majority of the board of directors of Corporation (see note 1).

Property Plant and Equipment

Pengrowth follows the full cost method of accounting for oil and gas properties and facilities whereby all costs of acquiring such interests are capitalized and depleted on the unit of production method based on proved reserves before royalties as estimated by independent engineers. Natural gas production and reserves are converted to equivalent units of crude oil using their relative energy content.

General and administrative costs are not capitalized other than to the extent they are directly related to a successful acquisition, or to the extent of Pengrowth's working interest in capital expenditure programs to which overhead fees can be recovered from partners. Overhead fees are not charged on 100 percent owned projects.

Proceeds from disposals of oil and gas properties and equipment are credited against capitalized costs unless the disposal would alter the rate of depletion and depreciation by more than 20 percent, in which case a gain or loss on disposal is recorded.

Pengrowth places a limit on the aggregate carrying value of property, plant and equipment and deferred injectant costs that may be carried forward for depletion against revenues of future periods (the "ceiling test"). The cost of these assets less accumulated depletion and depreciation is limited to an amount equal to the estimated future net revenue from production of proved reserves (based on unescalated prices and costs at the balance sheet date) less estimated future general and administrative costs, financing costs and management fees.

Injectant Costs

Injectants (mostly ethane and methane) are used in miscible flood programs to stimulate incremental oil recovery. The cost of injectants purchased from third parties for miscible flood projects is deferred and amortized over the period of expected future economic benefit which is estimated as 30 months.

Inventory

Inventories of crude oil, natural gas and natural gas liquids are stated at the lower of cost and net realizable value.

Future Site Restoration Costs

Provisions for future site restoration costs are made over the life of the oil and gas properties and facilities using the unit of production method. Costs are based on engineering estimates considering current regulations, costs and industry standards. Pengrowth has placed cash in a segregated remediation trust account to fund certain site restoration costs for the Judy Creek and Swan Hills properties. Contributions to the remediation trust account and remediation expenditures not funded by the trust account are charged against distributable income in the period incurred.

Income Taxes

EnergyTrust is a taxable trust under the Income Tax Act (Canada). No provision has been made for income taxes by EnergyTrust in these financial statements, as income taxes are the responsibility of the individual unitholders and EnergyTrust distributes all of its income to its unitholders. In 2001, EnergyTrust allocated \$124.3 million in taxable income or \$1.795 per unit to unitholders (2000 – \$110.4 million, or \$1.983 per unit).

The Corporation follows the tax liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the Corporation's financial statements and their respective tax bases, using enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. In determining its taxable income, the Corporation deducts royalty payments to the unitholders. In 2001, net income of the Corporation, after deducting royalty payments to royalty unitholders, was nil. If the Corporation ever lacked sufficient deductions to reduce taxable income to nil, the taxes would be deducted from royalty payments to unitholders.

Trust unit compensation plans

Pengrowth has a number of trust unit compensation plans, the accounting policies for which are described in Note 7.

Risk Management

Pengrowth uses forward and futures contracts to manage its exposure to commodity price fluctuations. The net receipts or payments arising from these contracts are recognized in income as a component of oil and gas sales during the same period as the corresponding hedged position.

Interest rate swaps are used to manage exposure to changes in interest rates. The net receipts or payments arising from interest rate swaps are recognized in income as a component of interest expense during the same period as the corresponding hedged position.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period then ended.

The amounts recorded for depletion, depreciation and amortization of injectants and the provision for abandonment costs are based on estimates. The ceiling test calculation is based on estimates of proved reserves, production rates, oil and natural gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and may impact the consolidated financial statements of future periods.

Earnings per unit

In the fourth quarter of fiscal 2000, Pengrowth adopted the Canadian Institute of Chartered Accountants' new standard with respect to the computation, presentation and disclosure of earnings per unit. The impact of adopting the new standard on the periods presented is not significant. Under the new standard, the treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only "in the money" dilutive instruments impact the diluted calculations.

3. REMEDIATION TRUST FUND

Pursuant to a Purchase and Sale Agreement dated August 15, 1997 between Pengrowth and Imperial Oil Resources ("Imperial"), a trust was established to fund certain remediation obligations of the Judy Creek and Swan Hills properties. ComputerShare Investor Services Inc. is the trustee for the Remediation Trust Fund. With respect to the current and future years, Pengrowth agreed to make a contribution of \$250,000 on October 15, 2001 and a contribution of \$250,000 per annum for each year subsequent to 2001 to the Remediation Trust Fund. In addition, Pengrowth makes a monthly trust fund contribution equivalent to \$0.10 per boe of production from the Judy Creek properties.

Every five years Pengrowth must deliver a report to Imperial evaluating the assets in the trust fund and the outstanding remediation obligations, and make recommendations as to whether contribution levels should be changed. If Imperial does not consent to recommended changes in the contribution level, the matter may be arbitrated.

The following summarizes Pengrowth's Remediation Trust Fund contributions for 2001 and 2000 and Pengrowth's expenditures on remediation activities not covered by the trust fund:

	2001	2000
Contributions to Remediation Trust Fund	\$ 1,002	\$ 2,461
Remediation expenditures not covered by the Trust Fund	1,115	140
	\$ 2,117	\$ 2,601

4. ACQUISITIONS

In June 2001, Pengrowth acquired an 8.4% royalty interest in the Sable Offshore Energy Project for cash consideration of \$252.0 million and forgiveness of a note payable of \$4.2 million. The acquisition has been accounted for by the purchase method with the results of operations of the acquired assets included in the financial statements from the date of acquisition.

The following unaudited proforma information provides an indication of what Pengrowth's results of operations would have been had the acquisition taken place on January 1.

	2001 (a) unaudited	2000 (b) unaudited
Oil and gas sales	\$ 537,954	\$ 504,010
Net income	\$ 122,014	\$ 162,742
Net income per unit		
Basic	\$ 1.618	\$ 2.445
Diluted	\$ 1.613	\$ 2.432

(a) assumes acquisition took place on January 1, 2001

(b) assumes acquisition took place on January 1, 2000

5 PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS

	2001	2000
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment at cost	\$ 1,583,102	\$ 1,298,096
Accumulated depletion and depreciation	(437,599)	(313,391)
Net book value of property, plant and equipment	\$ 1,145,503	\$ 984,705
OTHER ASSETS		
Deferred injectant costs	63,023	54,118
Net book value of property, plant and equipment and other assets	\$ 1,208,526	\$ 1,038,823

As at December 31, 2001, Pengrowth had a surplus in its ceiling test using year-end prices.

Total estimated undiscounted future site restoration costs are approximately \$165.4 million of which \$32.6 million has been accrued to date.

6. LONG TERM DEBT

	2001	2000
Revolving credit facility	\$ 345,456	\$ 286,823
Obligation under capital lease	—	553
Less: current portion of lease obligation	—	(553)
	\$ 345,456	\$ 286,823

The Corporation has a \$415 million revolving credit facility syndicated among nine financial institutions with an extendible 364 day revolving period and a three year amortization term period. In addition, it has a \$35 million demand operating line of credit that is currently reduced by outstanding letters of credit in the amount of approximately \$14 million. The facilities are secured by a \$500 million first fixed and floating charge debenture on all of the Corporation's assets. In addition, EnergyTrust has issued a guarantee and a \$200 million debenture granting a first fixed security interest in the Judy Creek and Swan Hills facilities to the financial institutions in the credit facility. Interest payable on amounts drawn is at the prevailing bankers' acceptance rates plus stamping fees, lenders' prime lending rates, or U.S. libor rates plus applicable margins, depending on the form of borrowing by the Corporation. The margins and stamping fees vary depending on financial statement ratios and can range from 0.625 percent to 1.125 percent. Interest expense for the year ended December 31, 2001 includes \$23,630,851 in cash interest payments (2000 – \$15,620,843).

The credit facility will revolve until June 23, 2002, whereupon it is expected to be renewed for a further 364 days, subject to satisfactory review by the lenders. If the lenders were to convert the facility to a non-revolving term facility, then amounts outstanding under the facility become repayable in 12 equal quarterly installments. As at December 31, 2001, the obligation outstanding under the revolving credit facility is classified as long term debt as the lenders have advised management that subject to the Corporation complying with the terms and conditions of the Credit Agreement, no principal repayments are required in 2002.

On June 15, 2002, the total amount of letters of credit outstanding will increase to \$39 million.

7. TRUST UNITS

The authorized capital of Pengrowth is 500,000,000 trust units.

Trust Units Issued	2001		2000	
	Number of Units	Amount	Number of Units	Amount
Balance, beginning of year	63,852,198	\$ 974,724	53,639,338	\$ 796,224
Issued for cash	17,622,500	311,974	8,165,000	155,135
Less: issue expenses	—	(18,727)	—	(8,303)
Issued for cash on exercise of stock options	628,828	10,060	1,915,833	29,299
Issued for cash under Distribution Reinvestment ("DRIP") Plan	136,543	2,568	132,027	2,369
Balance, end of year	82,240,069	\$ 1,280,599	63,852,198	\$ 974,724

Pursuant to the terms of the Royalty Indenture and the Trust Indenture, there is attached to each royalty unit granted by the Corporation the right to exchange such royalty unit for an equivalent number of trust units. ComputerShare, as Trustee has reserved 18,940 trust units for such future conversion.

Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRIP") entitles unitholders to reinvest cash distributions in additional units of EnergyTrust. The trust units under the plan may be acquired in the open market at prevailing market prices or issued from treasury at the weighted average price of all EnergyTrust units traded on the Toronto Stock Exchange for the 20 trading days preceding a distribution payment date.

Trust Unit Option Plan

Pengrowth has a trust unit option plan under which employees and directors of the Corporation and the Manager are eligible to receive options. As options are issued at the market price on date of grant, no compensation expense is recognized when new options are issued. Under the terms of the plan, up to 10% of the issued and outstanding trust units to a maximum of 7 million units may be reserved for these option grants. One third of the options vest on the grant date, one third on the first anniversary of the date of grant, and the remaining third on the second anniversary. The options expire five years from the date of grant. As at December 31, 2001, options to purchase 3,106,635 trust units were outstanding (2000 – 2,893,554) that expire at various dates to August 31, 2006.

Trust Unit Options	2001		2000	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of year	2,893,554	\$ 17.45	4,041,287	\$ 16.16
Granted	905,979	17.66	821,100	18.73
Exercised	(628,828)	16.00	(1,915,833)	15.29
Cancelled	(64,070)	18.98	(53,000)	16.85
Outstanding at year end	3,106,635	17.78	2,893,554	17.45
Exercisable at year end	2,238,406	17.69	2,171,087	17.51

The following table summarizes information about trust unit options outstanding at December 31, 2001:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding At 12/31/01	Weighted Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable At 12/31/01	Weighted Average Exercise Price
\$12.00 to \$14.99	181,650	2.3 years	\$ 12.68	181,650	\$ 12.68
\$15.00 to \$16.99	289,220	1.4	15.86	273,720	15.85
\$17.00 to \$17.99	1,504,759	3.0	17.49	935,953	17.49
\$18.00 to \$20.50	1,131,006	3.0	19.47	847,083	19.59
\$12.00 to \$20.50	3,106,635	2.8	\$ 17.78	2,238,406	\$ 17.69

Share Appreciation Rights

As at December 31, 2001 and 2000, 426,000 Share Appreciation Rights ("SAR's") were held by an officer of Pengrowth. They are fully vested, have a weighted average exercise price of \$18.39 and expiry dates ranging from October 15 to December 1, 2002.

The SAR's grant the right to receive a Payment Amount equal to any increase in the market price of the 426,000 trust units above the exercise price. Pengrowth may, at its option, satisfy this Payment Amount with either a cash payment or the issue of trust units from treasury based on market prices at the time of exercise. No compensation expense is recognized for the SAR's until a cash payment is made.

Trust Unit Savings Plan

Pengrowth has a trust unit savings plan whereby qualifying employees may contribute from 1 to 10 percent of their basic annual salary. Employee contributions are invested in EnergyTrust units purchased on the open market. Pengrowth matches the employees' contribution, investing in additional trust units purchased on the open market. Pengrowth's share of contributions is recorded as compensation expense and amounted to \$729,730 in 2001 (2000 – \$532,014).

Trust Unit Margin Purchase Plan

Pengrowth has a plan whereby the Manager, and employees, directors, and certain consultants of Corporation can purchase trust units and finance up to 75% of the purchase price through an investment dealer, subject to certain participation limits and restrictions. Participants maintain personal margin accounts with the investment dealer and are responsible for all interest costs and obligations with respect to their margin loans. The Corporation has provided a \$5 million letter of credit to the investment dealer to guarantee amounts owing with respect to the plan. The amount of the letter of credit may fluctuate depending on the amounts financed pursuant to the plan. At December 31, 2001, 2,446,896 trust units were deposited under the plan (2000 – 1,925,518) with a market value of \$34.8 million (2000 – \$37.0 million) and a corresponding margin loan of \$13.9 million (2000 – \$11.6 million).

Redemption Rights

Trust Units are redeemable at the request of a Unitholder. The redemption right permits Unitholders in the aggregate to redeem a maximum of \$25,000 of Trust Units in a month.

8. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	2001	2000
Accounts receivable	\$ 5,244	\$ (10,193)
Inventory	5,822	(6,742)
Accounts payable and accrued liabilities	(12,567)	21,246
Due to Pengrowth Management Limited	(1,418)	665
	<u>\$ (2,919)</u>	<u>\$ 4,976</u>

CHANGE IN NON-CASH INVESTING WORKING CAPITAL

	2001	2000
Accounts payable for capital accruals	<u>\$ 3,530</u>	<u>\$ (798)</u>

9. INCOME TAXES

During 2000, the Corporation changed its method of accounting for income taxes from the deferral method to the liability method as described in note 2, and has applied this change retroactively without restating prior periods.

In 2001, the cost basis for income tax purposes of property, plant and equipment exceeded the net book value by \$152,507,000 principally as a result of the acquisition of oil and gas properties during the year. A future tax asset of \$64,968,000 has been reduced to nil through a valuation allowance of \$64,968,000. In 2000, the net book value of property, plant and equipment exceeded the cost basis for income tax purposes by \$102,040,000 and a future income tax liability of \$45,510,000 was recorded in respect thereof.

In 2001, the Corporation made cash payments of \$2,702,000 in respect of capital taxes (2000 – \$1,827,000).

10. RELATED PARTY TRANSACTIONS

Pengrowth Management Limited provides certain services pursuant to a management agreement for which Pengrowth was charged \$2,235,224 (2000 – \$1,238,000) for acquisition fees and \$7,120,419 (2000 – \$6,872,570) for a management fee. The law firm controlled by the corporate secretary charged \$147,850 (2000 – \$284,456) for legal services provided to Pengrowth. A corporate finance firm controlled by a member of the immediate family of the corporate secretary charged \$1,513,250 (2000 – nil) for acquisition-related advisory services provided to Pengrowth by the corporate secretary.

The Corporation has provided a \$5 million letter of credit to an investment dealer to guarantee amounts owing to the investment dealer. See note 7 – Trust Unit Margin Purchase Plan.

11. AMOUNTS PER UNIT

The per unit amounts for net income and distributable income are based on weighted average units outstanding for the year. The weighted average units outstanding for 2001 were 70,910,746 units (2000 – 55,672,865 units). In computing diluted net income per unit, 205,453 units were added to the weighted average number of units outstanding during the year ended December 31, 2001 (2000 – 354,331) for the dilutive effect of employee stock options. The per unit amount of distributions paid or declared reflect actual distributions paid or declared based on units outstanding at the time.

Distributions are declared payable during the month following the month in which the distributions were earned. Distributions are paid to unitholders on the 15th day of the second month after the distributions are earned. As at December 31, 2001 there was a balance of \$823,334 or \$0.010 per unit that had been earned but had not yet been paid or declared (2000 – \$700,188 or \$0.011 per unit).

12. FINANCIAL INSTRUMENTS

Interest Rate Risk

As at December 31, 2001, Pengrowth had entered into interest rate swaps on \$100 million of its long term debt for periods of three years ending November 30, 2004 (\$75 million) and December 31, 2004 (\$25 million) at an average borrowing cost of 4.7825%.

The estimated fair value of the interest rate swaps has been determined based on the amount that Pengrowth would receive or pay to terminate the contracts at year-end. At December 31, 2001 the amount that Pengrowth would pay to terminate the interest rate swaps is \$328,000.

Foreign Currency Exchange Risk

Pengrowth is exposed to foreign currency fluctuations as crude oil and natural gas prices received are referenced to U.S. dollar denominated prices. Pengrowth has mitigated some of this exchange risk by entering into fixed Canadian dollar crude oil price swaps as outlined below.

Credit Risk

A portion of Pengrowth's accounts receivable are with joint venture partners in the oil and gas industry and are subject to normal industry credit risks. The use of commodity price swap agreements involves a degree of credit risk that Pengrowth manages through its credit policies which are designed to limit eligible counterparties to those with "A" credit ratings or better.

Forward and Futures Contracts

Pengrowth has a price risk management program whereby the commodity price associated with a portion of its future production is fixed. Pengrowth sells forward a portion of its future production through a combination of fixed price sales contracts with customers and commodity swap agreements with financial counterparties. The forward and futures contracts are subject to market risk from fluctuating commodity prices and exchange rates however, gains or losses on the contracts are offset by changes in the value of Pengrowth's production.

As at December 31, 2001, Pengrowth had fixed the price applicable to future production as follows:

Financial Swap Contracts

	Crude Oil		Natural Gas	
	Volume (bbl/d)	Price C\$/bbl	Volume (MMbtu/d)	Fixed Price
2002	2,000	\$35.04	7,000	\$3.90 US/MMbtu
2003	—	—	7,000	\$3.90 US/MMbtu
2004	—	—	7,000	\$3.90 US/MMbtu

As well, Pengrowth had natural gas fixed price sales contracts which fixed the price on 7,262 mcf/d for 2002 at a price of \$2.99 Cdn/mcf.

The estimated fair value of the crude oil financial swap contracts and the natural gas fixed price sales contracts have been determined based on the amounts Pengrowth would receive or pay to terminate the contracts at year-end. At December 31, 2001, the amount Pengrowth would receive if the crude oil and natural gas contracts were terminated would be \$1,727,600 and \$36,000, respectively.

Fair Value of Financial Instruments

The carrying value of financial instruments included in the balance sheet, other than bank debt, approximate their fair value due to their short maturity. The fair value of the Remediation Trust Fund was \$6,473,000 (2000 – \$5,544,077).

13. RECONCILIATION OF FINANCIAL STATEMENTS TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The significant differences between Canadian generally accepted accounting principles ("Canadian GAAP") which, in most respects, conforms to generally accepted accounting principles in the United States ("U.S. GAAP"), as they apply to Pengrowth, are as follows:

- (a) Under U.S. GAAP, the carrying value of petroleum and natural gas properties and related facilities, net of future or deferred income taxes, is limited to the present value of after tax future net revenue from proven reserves, discounted at 10 percent (based on prices and costs at the balance sheet date), plus the lower of cost and fair value of unproven properties. Under Canadian GAAP, this "ceiling test" is calculated without application of a discount factor. At December 31, 1998 and 1997 the application of the full cost ceiling test under U.S. GAAP resulted in a write-down of capitalized costs of \$328.6 million and \$49.8 million, respectively. At December 31, 2001 and 2000, the application of the full cost ceiling test under U.S. GAAP did not result in a write-down of capitalized costs.

Where the amount of a ceiling test writedown under Canadian GAAP differs from the amount of the write-down under U.S. GAAP, the charge for depletion, depreciation, and amortization will differ in subsequent years.

- (b) Under U.S. GAAP, the provision for abandonment costs is recorded as a reduction of capital assets.
- (c) Under U.S. GAAP, interest and other income would not be included as a component of Net Revenue.
- (d) SFAS 123, "Accounting for Stock-based Compensation", establishes financial accounting and reporting standards for stock-based employee compensation plans as well as transactions in which an entity issues its equity instruments to acquire goods or services from non-employees. As permitted by the SFAS 123, Pengrowth has elected to continue to follow the intrinsic value method of accounting for stock-based compensation arrangements, as provided for in Accounting Principles Board Opinion 25 ("APB 25"). Since all options were granted with an exercise price equal to the market price at the date of the grant, no compensation cost has been charged to income. Had compensation cost for Pengrowth's stock options been determined based on the fair market value at the grant dates of the awards consistent with methodology prescribed by SFAS 123, "Accounting for Stock-Based Compensation", Pengrowth's net income and net income per unit for years ended December 31, 2001 and 2000 would have been the pro forma amounts indicated below:

Years ended December 31,	2001	2000
Net income:		
As reported	\$ 110,748	\$ 150,654
Pro forma	110,457	150,498
Net income per unit:		
As reported	\$ 1.56	\$ 2.71
Pro forma	1.56	2.70

Under the provisions of SFAS 123 the pro forma disclosures above include only the effects of stock options granted by Pengrowth subsequent to December 31, 1996. During this initial phase-in period, the pro-forma disclosures as required by SFAS 123 are not representative of the effects on reported income for future years as options vest over several years and additional awards are generally made each year.

The weighted average fair market value of options granted in 2001 and 2000 was \$0.50 and \$0.26 per option respectively. The fair value of each option granted was estimated on the date of grant using the Modified Black-Scholes option-pricing model with the following assumptions for 2001 and 2000 respectively: risk-free interest rate of 4 and 5 percent, dividend yield of 14.0 and 19.0 percent, volatility of 27 and 16 percent, normalized dilution of 7 percent and liquidity discount of 10 percent for both years, and expected life of five years in both years.

APB 25 also requires recognition of compensation cost with respect to Stock Appreciation Rights granted to employees. No compensation cost results from application of the above provisions for the year ended December 31, 2001. Application of provisions of APB 25 resulted in a compensation cost of \$510,000 for the year ended December 31, 2000 for U.S. GAAP purposes.

- (e) Marketable securities held by Pengrowth are classified as available-for-sale in accordance with definitions of SFAS 115. Under provisions of this Statement, available-for-sale securities are reported at the fair value, with unrealized holding gains and losses included in comprehensive income and reported as a separate component of unitholders' equity until realized.
- (f) SFAS 130 requires the reporting of comprehensive income in addition to net earnings. Comprehensive income includes net income plus other comprehensive income; specifically, all changes in equity of a company during a period arising from non-owner sources.
- (g) Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), is effective for all fiscal years beginning after June 15, 2000. Pengrowth has implemented the standards set out in SFAS 133 for the fiscal year commencing January 1, 2001, with no restatement of prior periods. SFAS 133 establishes new accounting and reporting standards for derivative instruments and for hedging activities. This statement requires an entity to establish, at the inception of a hedge, the method it will use for assessing the effectiveness of the hedging derivative and the measurement approach for determining the ineffective aspect of the hedge. Those methods must be consistent with the entity's approach to managing risk.

On initial adoption of SFAS No. 133 on January 1, 2001, additional liabilities of \$2.1 million were recorded for U.S. GAAP purposes to reflect the fair value of derivatives designated as cash flow hedges. A charge of \$2.1 million relating to the fair value of these hedges was recognized in other comprehensive income as the cumulative effect of the initial adoption of SFAS No. 133.

At December 31, 2001, \$2,522,000 has been recorded as an asset in respect of the fair value of crude oil and natural gas hedges outstanding at year-end with a corresponding increase in other comprehensive income. This amount will be amortized against crude oil and natural gas sales over the remaining terms of the related hedges. Also at December 31, 2001, a liability of \$328,000 has been recorded in respect of the fair value of interest rate swaps outstanding at year-end with a corresponding decrease in other comprehensive income.

CONSOLIDATED STATEMENTS OF INCOME AND DISTRIBUTABLE INCOME

The application of U.S. GAAP would have the following effect on net earnings as reported:

Stated in thousands of Canadian Dollars, except per unit amounts

Years ended December 31	2001	2000
Net income for the year, as reported	\$ 85,150	\$ 123,215
Adjustments net of tax		
Depletion and depreciation (a)	25,598	27,949
Compensation cost (d)	—	(510)
Net income for the year – U.S. GAAP	\$ 110,748	\$ 150,654
Other comprehensive income:		
Cumulative effect of the initial adoption of SFAS No. 133 (f)(g)	2,128	—
Unrealized hedging gains (f)(g)	2,522	—
Unrealized hedging losses (f)(g)	(328)	—
Realized gain on available-for-sale securities (e)(f)	—	(1,613)
Comprehensive income – U.S. GAAP	\$ 115,070	\$ 149,041
Net income per unit – U.S. GAAP – Basic	\$ 1.56	\$ 2.71
– Diluted	\$ 1.56	\$ 2.67

CONSOLIDATED BALANCE SHEETS

The application of U.S. GAAP would have the following effect on the Balance Sheets as reported:

Stated in thousands of Canadian Dollars

December 31, 2001	As Reported	Increase (Decrease)	U.S. GAAP
Assets:			
Capital assets (a)(b)	\$ 1,208,526	\$ (328,895)	\$ 879,631
Unrealized hedging gain (g)	–	2,522	2,522
		\$ (326,373)	
Liabilities:			
Provision for abandonment costs (b)	\$ 32,591	\$ (32,591)	\$ –
Unrealized hedging loss (g)	–	328	328
Unitholders' equity:			
Other comprehensive income (f)(g)	–	2,194	2,194
Trust Unitholders' Equity (a)	817,203	(296,304)	520,899
		\$ (326,373)	

December 31, 2000

Assets:			
Capital assets (a)(b)	\$ 1,038,823	\$ (347,187)	\$ 691,636
		\$ (347,187)	
Liabilities:			
Provision for abandonment costs (b)	\$ 25,285	\$ (25,285)	\$ –
Other (d)	–	510	510
Unitholders' equity:			
Trust Unitholders' Equity (a)	641,965	(322,412)	319,553
		\$ (347,187)	

ADDITIONAL DISCLOSURES REQUIRED UNDER U.S. GAAP

The components of accounts receivable are as follows:

December 31,	2001	2000
Trade	\$ 20,292	\$ 27,716
Prepays	3,968	2,795
Other	3,599	2,592
	<u>\$ 27,859</u>	<u>\$ 33,103</u>

The components of accounts payable and accrued liabilities are as follows:

December 31,	2001	2000
Accounts payable	\$ 19,566	\$ 29,573
Accrued liabilities	11,793	10,823
	<u>\$ 31,359</u>	<u>\$ 40,396</u>

Five Year Review

PENGROWTH ENERGY TRUST

CONSOLIDATED FINANCIAL RESULTS

Stated in thousands of dollars except per unit amounts

Years ended December 31

	2001	2000	1999	1998	1997
Gross oil and gas revenue	\$ 469,929	416,228	252,408	168,782	121,216
Crown royalties	\$ 65,703	70,111	29,049	18,247	15,569
Freehold royalties and mineral taxes	\$ 6,757	6,994	4,215	3,032	4,177
Operating costs	\$ 104,943	65,195	57,642	56,505	34,200
Amortized injectant costs	\$ 47,448	32,463	13,964	5,330	—
General and administrative	\$ 7,467	7,081	5,972	5,446	2,758
Management fee	\$ 7,120	6,873	4,490	2,891	2,389
Interest expense	\$ 18,806	17,354	10,882	15,997	3,494
Capital taxes	\$ 2,659	1,830	1,190	927	1,367
Depletion, depreciation and future site restoration	\$ 132,737	96,865	80,981	75,174	38,863
Net Income	\$ 85,150	123,215	50,223	(767)	24,529
Per unit	\$ 1.20	2.21	0.98	(0.02)	0.87
Distributable income	\$ 215,787	218,340	128,172	72,117	63,634
Per unit	\$ 3.01	3.79	2.49	1.53	2.02
Total assets	\$1,249,339	1,090,483	857,914	765,162	965,281
Per unit	\$ 15.19	17.08	15.99	16.15	20.41
Long-term debt	\$ 345,456	286,823	230,333	157,662	282,262
Per unit	\$ 4.20	4.49	4.29	3.33	5.97
Unitholders' equity	\$ 817,203	641,965	558,590	560,525	632,786
Per unit	\$ 9.94	10.05	10.41	11.83	13.38
Net asset value*	\$ 799,327	819,298	615,340	502,538	770,418
Per unit	\$ 9.72	12.83	11.47	10.61	16.29
Return on average equity	11.7%	20.5%	9.0%	(0.1%)	5.9%
Cash flow return on average equity	29.6%	36.4%	22.9%	12.1%	15.4%
Average cost of debt capital	5.2%	6.8%	6.2%	5.7%	4.2%

* Based on Established (proved plus 50% of probable) reserves discounted at 12% before income taxes.

PENGROWTH ENERGY TRUST**OPERATING RESULTS**

Natural gas has been converted to equivalent barrels of oil at 6:1 unless otherwise stated

Years ended December 31

	2001	2000	1999	1998	1997
Daily production					
Oil (bbls)	19,726	17,599	17,570	16,695	7,650
Gas (mcf)	91,764	70,098	61,494	57,707	51,355
Natural gas liquids (bbls)	5,258	4,205	3,927	3,342	1,856
Oil equivalent (boe) 6:1	40,320	33,581	31,821	29,741	18,140
Oil equivalent (boe) 10:1	34,203	28,908	27,721	25,894	14,716
Total annual production (mboe) 6:1	14,717	12,291	11,615	10,856	6,621
Total annual production (mboe) 10:1	12,484	10,580	10,118	9,451	5,371

Average price

Oil (per bbl)	\$ 37.26	40.37	26.73	19.65	26.26
Gas (per mcf)	\$ 4.48	4.34	2.48	1.78	1.94
Natural gas liquids (per bbl)	\$ 30.68	33.56	18.08	11.71	19.67
Oil equivalent (per boe) 6:1	\$ 31.93	33.87	21.73	15.55	18.31
Oil equivalent (per boe) 10:1	\$ 37.64	39.34	24.95	17.84	22.78

Property acquisitions (\$millions)

\$ 277.1	179.6	141.8	6.4	528.0
-----------------	-------	-------	-----	-------

Capital expenditures (\$millions)

\$ 74.0	59.8	17.7	34.9	17.5
----------------	------	------	------	------

Reserves (Established)

Reserves acquired in the year (mmboe)	48.4	21.5	26.7	0.7	100.5
Reserves at year-end (mmboe)	210.5	183.0	176.6	160.3	166.5
Acquisition cost per boe	\$ 5.72	8.34	5.31	6.02	5.25

STOCK MARKET DATA

Trading volume (thousands of units)	41,249	21,494	14,457	12,079	10,545
Trading value (\$ thousands)	\$ 734,382	394,244	204,125	164,628	192,697

Market capitalization:

Units outstanding (thousands)	82,240	63,852	53,639	47,369	47,288
Year-end unit price	\$ 14.22	19.20	15.50	11.00	18.00
Total equity market capitalization (\$ thousands)	\$ 1,169,454	1,225,962	831,410	521,056	851,183

Trust unit price:

High	\$ 21.95	20.35	16.75	18.45	22.45
Low	\$ 12.80	15.00	10.50	10.00	15.00
Close	\$ 14.22	19.20	15.50	11.00	18.00

Cash-on-cash return:

Yearly high price	13.7%	18.6%	14.8%	8.3%	9.0%
Yearly low price	23.5%	25.2%	23.7%	15.3%	13.4%

Board of Directors

Thomas A. Cumming

Director



Thomas A. Cumming, BA.Sc., P.Eng. joined Pengrowth Corporation's Board of Directors in April 2000, having held the position of President and C.E.O. of the Alberta Stock Exchange from 1988 to 1999. His career also includes 25 years with a major Canadian bank both nationally and internationally. He currently serves as a Director of the Calgary Chamber of Commerce; Calgary Research & Development Authority; Calgary YMCA Foundation; and Director, Alberta Capital Market Foundation.

James S. Kinnear

President & CEO,

Director



James S. Kinnear, President, C.E.O. and Director, Pengrowth Corporation. Mr. Kinnear graduated from the University of Toronto in 1969 with a B.Sc. degree and received a C.F.A. designation in 1979. In 1982 he founded Pengrowth Management Limited and in 1988 created Pengrowth Energy Trust. Prior to 1982 he was research director and partner with a securities firm in Montreal and previously worked as a securities analyst in Toronto and London, England. Mr. Kinnear was awarded the Ernst and Young, Prairies Region Entrepreneur of the Year award for 2001.

Francis G. Vetsch

Director



Francis G. Vetsch, B.Sc., P.Eng., is President of Quantex Resources Ltd. and is the former President of Tripet Resources and Chairman of Chauvco Resources Ltd. In his earlier career he served as President and C.E.O. of Alberta Eastern Gas Ltd. for six years and Vice-President, Operations of Atlantic Richfield Canada for six years.

Stanley H. Wong

Director



Stanley H. Wong, B.Sc., P.Eng., is President of Carbine Resources Ltd., a private oil and gas producing and engineering consulting company. He was Senior Engineer with Hudson's Bay Oil & Gas for 10 years and employed by Total Petroleum for 15 years where he was Chief Engineer and later became Manager of Special Projects. He is currently a Director of Cavell Energy Corporation.

John B. Zaozirny

Director



John B. Zaozirny, Q.C., B.Comm., LL.B., LL.M., is Counsel to McCarthy Tetrault of Calgary, was Minister of Energy and Natural Resources for the Province of Alberta from 1982 to 1986, and currently serves on the Board of numerous Canadian and international corporations. He is also a Governor of The Business Council of British Columbia and a Senior Associate of Cambridge Energy Research Associates.

Officers and Senior Management

James S. Kinnear, President, C.E.O. and Director, Pengrowth Corporation, graduated from the University of Toronto in 1969 with a B.Sc. degree and received a C.F.A. designation in 1979. In 1982 he founded Pengrowth Management Limited and in 1988 created Pengrowth Energy Trust. Prior to 1982 he was research director and partner with a securities firm in Montreal and previously worked as a securities analyst in Toronto and London, England. Mr. Kinnear was awarded the Ernst and Young, Prairies Region Entrepreneur of the Year award for 2001.



James S. Kinnear

President & CEO,
Director

Gordon M. Anderson, Vice-President, Interim Chief Financial Officer, joined Pengrowth in 1990 as Chief Accountant following a ten year career specializing in oil and gas audit and tax. He was promoted to Treasurer in 1995 and was appointed a Vice President in 1997. Mr. Anderson is a Certified General Accountant holding a Bachelor of Commerce degree from the University of Calgary.



Gordon M. Anderson

Vice-President,
Interim Chief Financial Officer

Henry D. McKinnon, Vice President, Operations, previously worked for 20 years in field operations with several multi-national petroleum companies. He assumed responsibility for coordinating the transition of operations at Judy Creek and continues to be the liaison with field operations. Mr. McKinnon graduated in 1975 from the University of Manitoba with a B.Sc. in Mechanical Engineering.



Henry D. McKinnon

Vice-President,
Operations

Lynn Kis, Vice President Engineering has over 20 years' experience in the Petroleum Engineering field, contributing her diverse talents in reservoir and project engineering to acquiring, developing and fully exploiting properties for major oil and gas companies in western Canada. Ms. Kis graduated from the University of Wales with a B.Sc. (Hons) Applied Science and continued with post graduate studies at the University of Calgary.



Lynn Kis

Vice-President,
Engineering

Charles V. Selby, Corporate Secretary, is both a Lawyer and Professional Engineer, holding B.Sc. (Hons) and LL.B. Degrees. He operates an independent legal practice which specializes in securities, oil and gas and international financial transactions. Mr. Selby was employed as a petroleum engineer in the energy sector prior to practicing law.



Charles V. Selby

Corporate Secretary

Chris Webster, Treasurer, joined Pengrowth Corporation in 2000 as Manager Operations Accounting and was promoted to Treasurer in September 2001, following a 12 year career in operations and marketing accounting with Norcen Resources Ltd. (now Union Pacific) and Home Oil Company Ltd. Mr Webster holds a Bachelor of Commerce Degree from Concordia University, and the Certified General Accountant and Chartered Financial Analyst designations.



Chris Webster

Treasurer

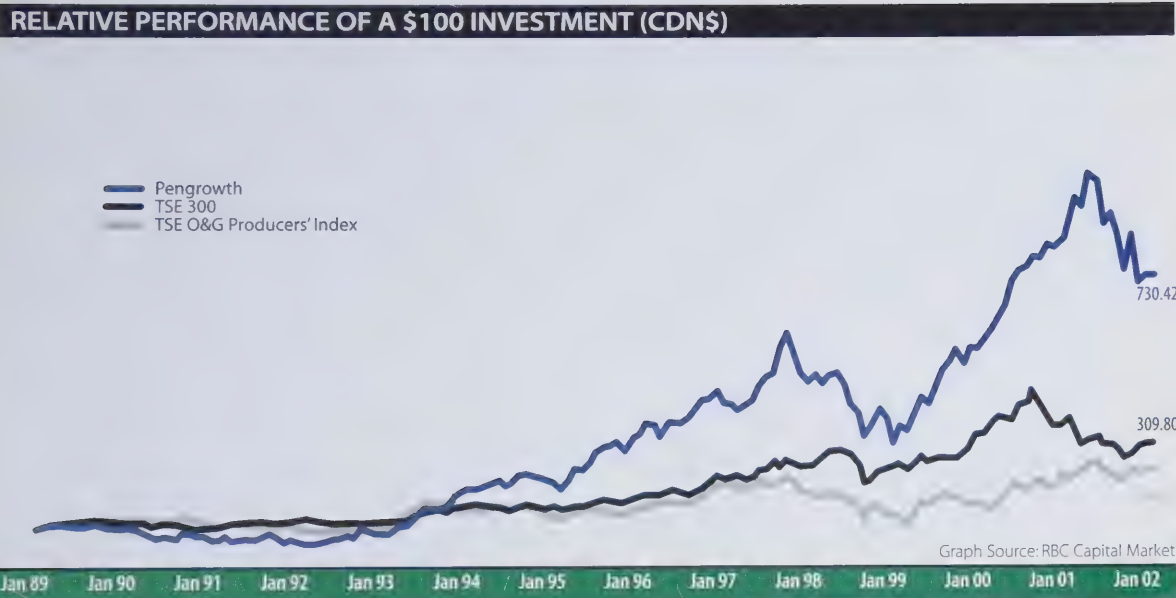
Lianne Bigham, Controller, joined Pengrowth in December of 1993 as Senior Accountant and was promoted to Controller in 1995. Ms Bigham holds a Bachelor of Commerce Degree from the University of Alberta and is a Chartered Accountant.



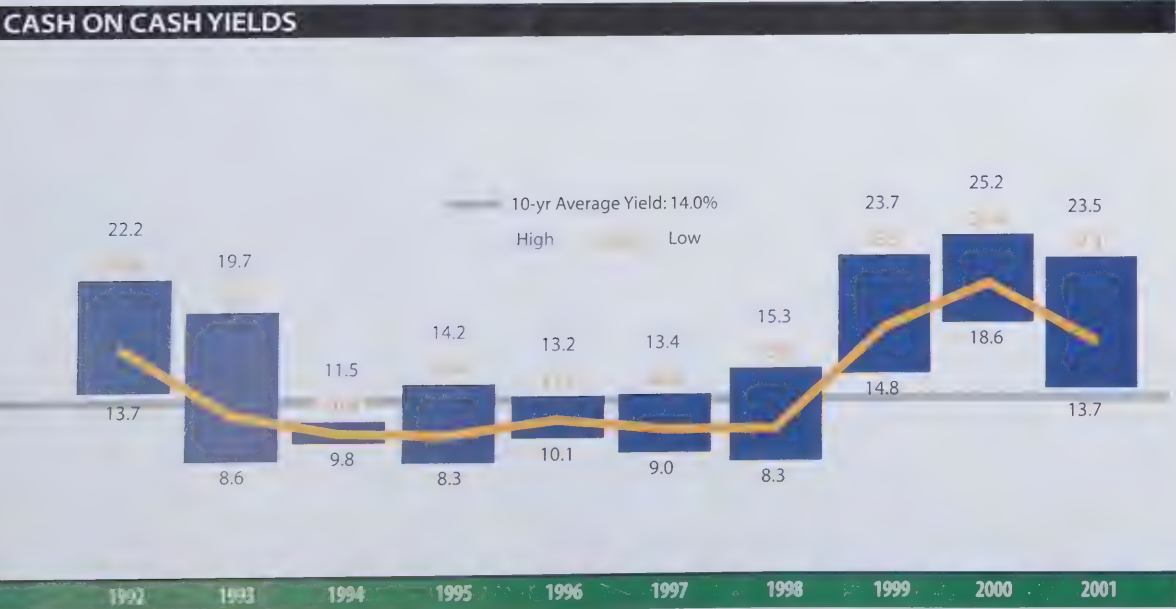
Lianne Bigham

Controller

2. Attractive Returns

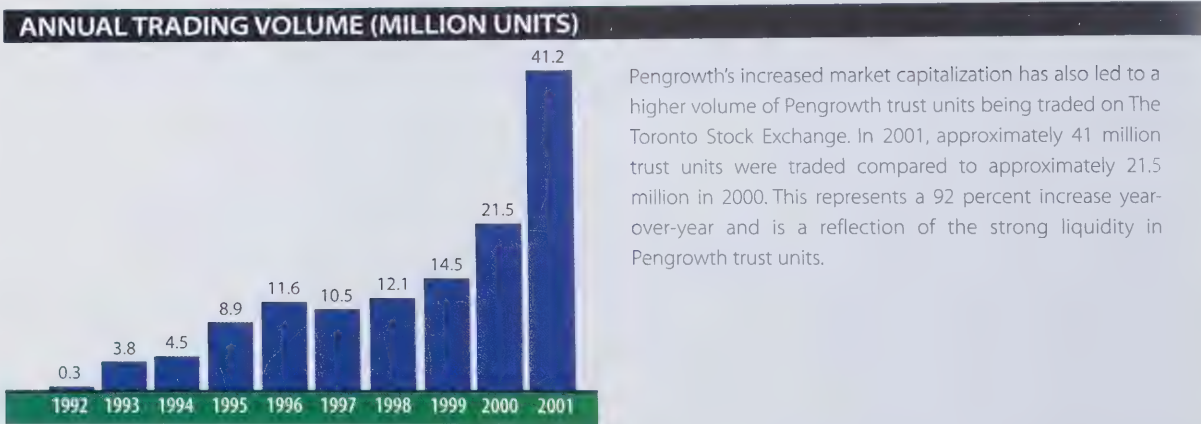
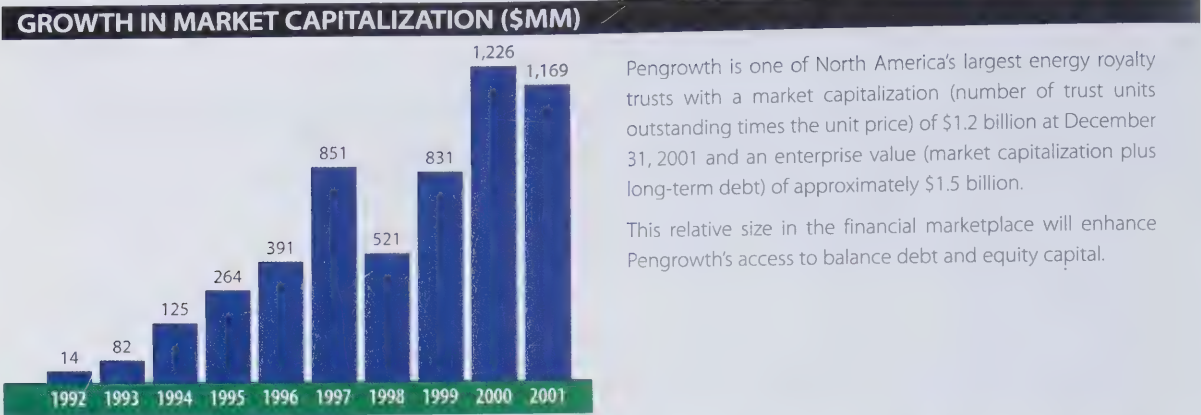


A \$100 investment made in Pengrowth trust Units in January 1989 would be worth approximately \$730 today, including the monthly reinvestment of distributions. Pengrowth trust units have significantly outperformed the TSE 300 and the TSE Oil and Gas Producers Index.

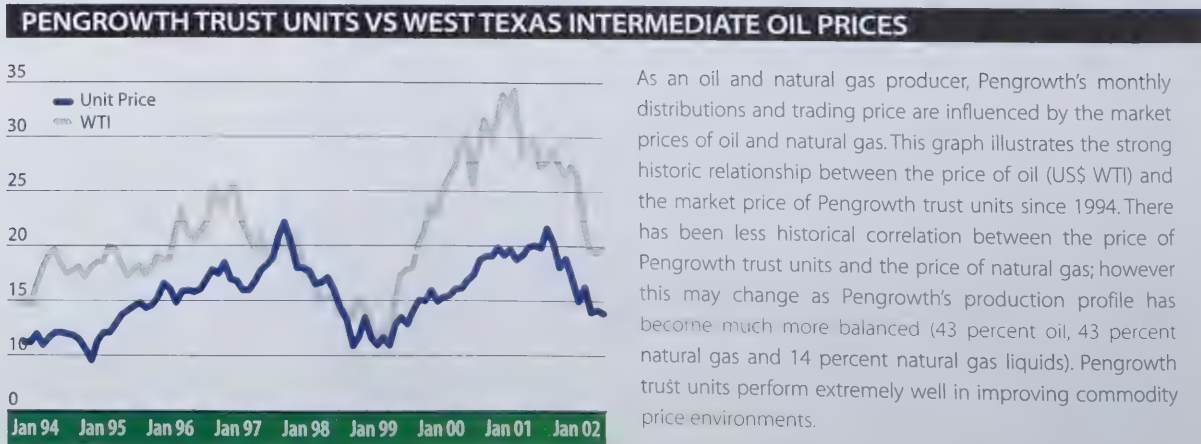


Cash on cash yields have averaged approximately 14.0 percent over the last 10 years, establishing Pengrowth as a premium investment over time.

3. Size and Liquidity



4. Positioned for Higher Commodity Prices

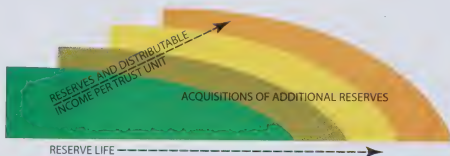


Key Measures of Quality

Over the past 13 years, Pengrowth has established a solid track record of growth. Our proven method of acquiring quality oil and gas properties coupled with our tax efficient structure has allowed us to provide superior returns to our unitholders since

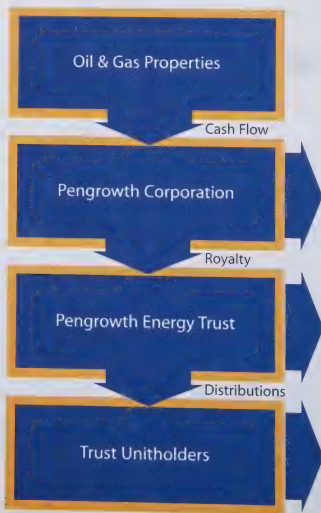
1988. The following is a collection of graphs illustrates Pengrowth's long track record of providing value for our unitholders.

ILLUSTRATION OF ACCRETIVE ACQUISITIONS



Pengrowth receives cash flow from its portfolio of oil and gas producing properties. As a result of the continuing program of prudent acquisitions, Pengrowth Energy Trust demonstrates accretion for its unitholders as the above illustration shows.

Energy Trust's Structure A Model for Efficient Growth



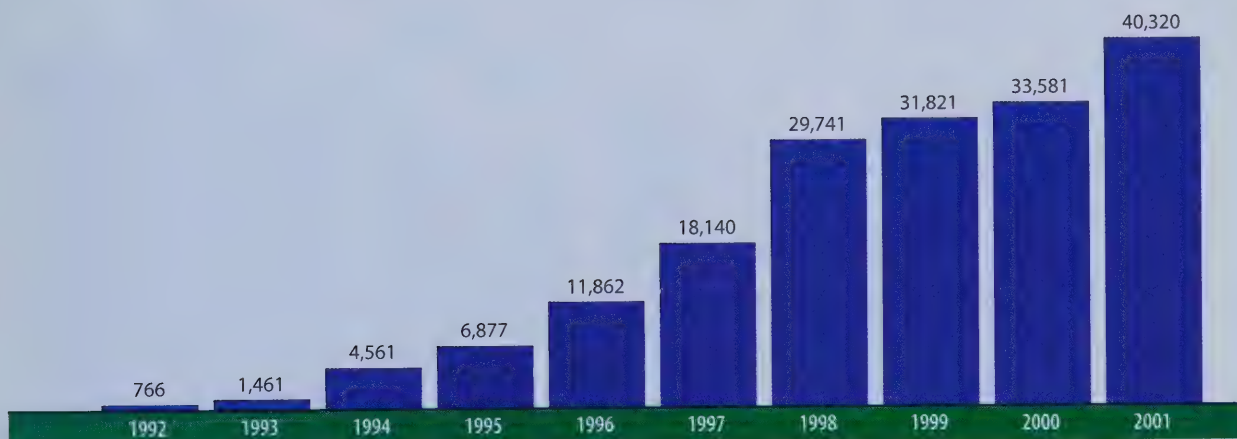
Pengrowth Corporation can deduct the royalty paid such that the entity is not currently taxable.

Pengrowth Energy Trust has Canadian Oil & Gas Property Expenses (COGPE) which reduces taxable income that flows to the unitholder.

A portion of the distributions to the unitholders is deemed to be a return of capital and not currently taxable.

1. Track Record of Growth

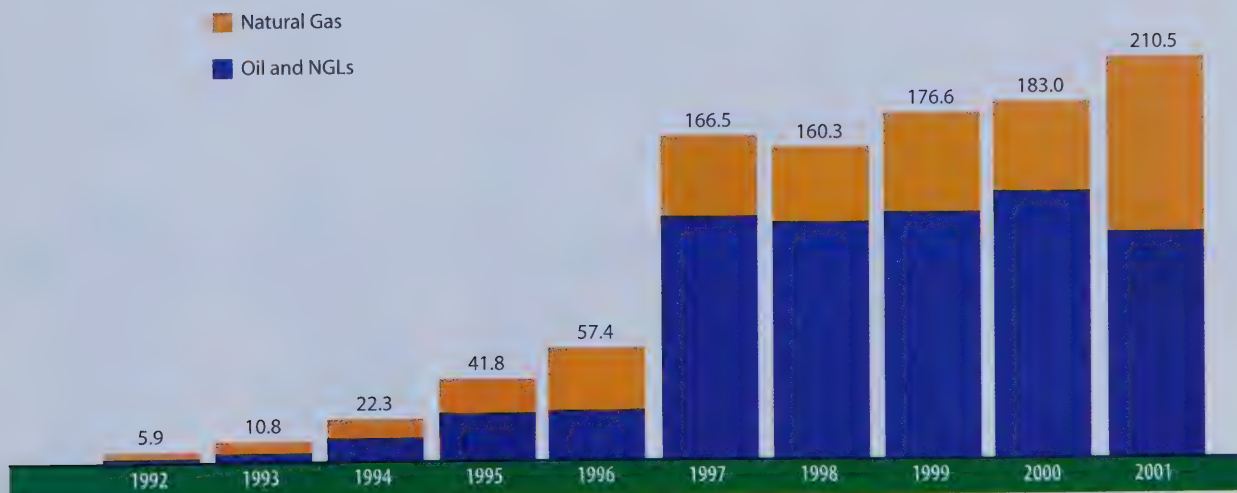
AVERAGE DAILY PRODUCTION (BOEPD) (6:1)



Pengrowth has successfully increased daily average production by approximately 55 percent per year (compound average annual growth rate) since 1992. Similarly we have increased established reserves by approximately 49

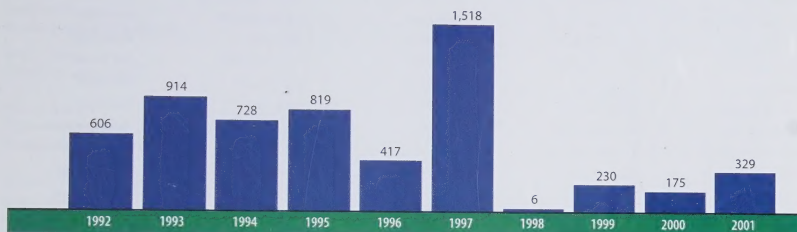
percent per year on average since 1992. The increase in production and reserves is due to Pengrowth's disciplined approach to acquiring quality oil and natural gas properties.

ESTABLISHED RESERVES (MMBOE) (6:1)



5. Long-term Investment

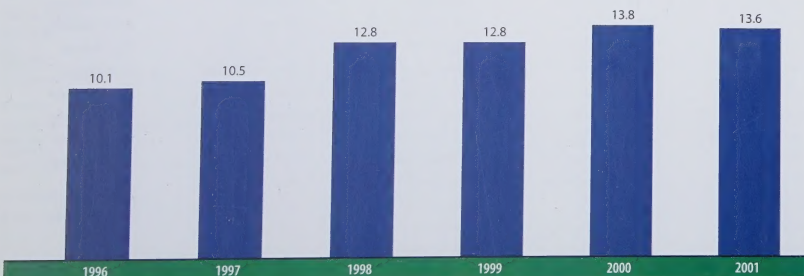
RESERVE REPLACEMENT THROUGH ACQUISITIONS (%)



Pengrowth has a history of replacing its annual production every year. In 2001, Pengrowth replaced its production by approximately 329 percent, mainly through the acquisition of

the SOEP royalty interest. Over the past 10 years, Pengrowth has replaced its annual production by an average of 6 times per year.

RESERVE LIFE INDEX (YEARS)

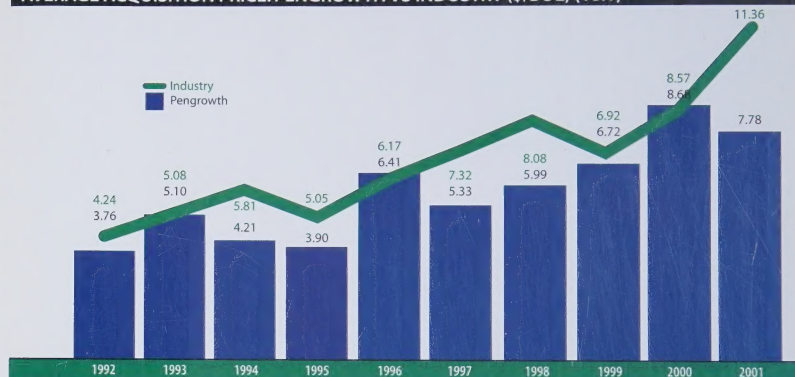


Pengrowth's high quality producing properties have a reserve life index (reserves divided by current production) of 13.6 years at year-end 2001, one of the longest in the royalty trust industry. The track record of reserve replacement

coupled with a long reserve life index establishes Pengrowth as a quality long-term investment that will continue to provide trust unitholders with financial returns for many years.

6. Successful Acquisition Track Record

AVERAGE ACQUISITION PRICE: PENGROWTH VS INDUSTRY (\$/BOE) (10:1)



Over its 13 year history, Pengrowth has completed approximately 46 asset transactions representing approximately \$1.4 billion in producing oil and natural gas properties. This graph illustrates Pengrowth's success in purchasing oil and natural gas properties below industry average acquisition prices per boe. During 2001, Pengrowth acquired 35.6 million boe of established reserves at a price of approximately \$7.78 per boe (10:1) as compared to an industry average of over \$11 per boe.

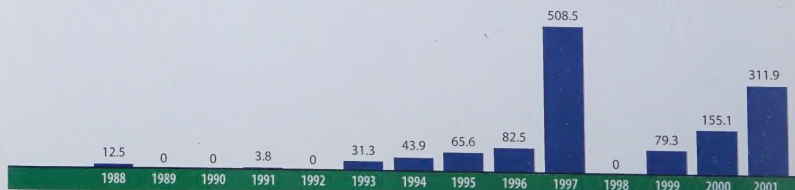
Source: Sayer Securities Limited

Our successful history of quality acquisitions has resulted in Pengrowth being the most geographically diversified oil and gas royalty trust with arguably the highest quality assets in the sector. A combination of strategic planning and good timing has enabled Pengrowth to acquire world-class oil and gas producing assets that will continue to provide excellent returns to our unitholders.

7. Proven Access to Capital

Over its 13 year history, Pengrowth has successfully completed 14 equity issues raising a total of \$1.3 billion in the Canadian equity market.

GROSS EQUITY RAISED (\$ MILLIONS)



Pengrowth Team Members

HEAD OFFICE

Gordon Anderson
 Ross Andrews
 Gail Anson
 Richard Ballantine
 Tania Barkley
 Dan Belot
 Barbara Berecz
 Lianne Bigham
 Micheline Bird
 Shane Bradley
 Erik Chico
 Allen Connick
 Glori Cowan
 Amanda Crozier
 Larry Dziuba
 Dan Edwards
 Sally Elliott
 Murray Ellis
 Mike Evans
 Kathy Fidyk
 Terry Fong
 Dawna Gibb
 Brenda Gregoire
 Kendra Griffiths
 John Halbauer
 Jim Ham
 Jeannine Hannah
 Leslie Harris
 Shanda Hoar
 Jacqueline Holtby
 John Hulecki
 Paul Jackson
 Tom Kelly
 Teena Keswick
 Faryal Khawaja
 David Kinnear
 James Kinnear
 Lynn Kis

Tracy Knibbs
 Kirsten Kulyk
 Luan Lam
 Dick Lane
 Kate Langejans
 Karen Laustsen
 Renee Lee
 Julie Lefler
 Bruce Malcolm
 Leslie McCawley
 Carol McDonald
 John McInnes
 Henry McKinnon
 Cyndy Mercier
 Rob Moriyama
 Leah Mullenix
 Emily Nickle
 Wendy Noonan
 Tracey Parsons
 Lise Pitt
 Terry Pocza
 Clay Radu
 Ronda Rankin
 Jacki Sampson
 Norm Schultheis
 Kern Shepherd
 Tyler Simms
 Connie Skimmings
 David Smith
 Lisa Telang
 Nikki Tuveson
 Myra Valencerina
 Neil Walliser
 Chris Webster
 Kelly Zeeb

JUDY CREEK

Robert Azim
 Dale Babiak
 Norm Bachand
 Jen Barton
 Dave Beeson
 Keith Black
 Dave Bradley
 Warren Bready
 Rod Carew
 Duane Carlson
 Justin Childs
 Robert Collins
 Nigel Cook
 Darcy Cornelssen
 Kevin Cote
 Dean Cotton
 Don Craig
 Rob Cramer
 Deb Danyluk
 Len Danyluk
 Al Doucette
 Geoff Duff
 Greg Ewasiuk
 Jean Feckley
 Garry Fisher
 Brian Fuglerud
 Randy Fuglerud
 Rose Gardipy
 Bernie Gaumont
 Dianna Gaumont
 Phil Gauthier
 Roy Gertz
 Garry Givens
 Phil Goldsney
 Elaine Grant
 Richard Grant
 Jim Greer
 Kevin Gunning

Jeff Harasym
 Conrad Harty
 John Hestermann
 Doug Hiemstra
 Eric Hoek
 Frank Horvath
 Grant Huber
 Khai Huynh
 Craig Johnson
 Dale Johnson
 Don Kallis
 Trevor Keddle
 Bob Kemp
 Nathan Kirby
 Pat Kletzel
 Francis Kripal
 Sam Kuric
 Greg Lawrence
 Randy Lawrie
 Martin Little
 Rod Machula
 Randy Marriott
 Terry Martin
 Eric McCabe
 Patti McCabe
 Dave McConnell
 Robbie McKinnon
 Gavin McLaren
 Pete Meirau
 Phyllis Morissette
 Chad Musselwhite
 Peter Neudorf
 Joe Oleksow
 Rob Paterson
 Lonnie Patten
 Dave Peachman
 Brad Pearson
 Roger Pechanec

Kevin Pollock
 Eric Pratt
 Kevin Prodaniuk
 Gord Rau
 Brian Read
 Jeff Richard
 Bob Rock
 Lori Rock
 Terry Romaniuk
 Lawrence Schafers
 Phil Semmler
 Ron Shannon
 Mitch Sharp
 Stu Slager
 Dean Soucy
 Randy Steele
 Linda Struik
 Mario Struik
 John Tawiah
 Perry Teplyske
 Darren Tetlock
 Joyce Tonsi
 Randy Trofimuk
 Rob Vanloenen
 Doug Wakaruk
 Ron Webster
 Jim Whaley
 Jeff Whatmore
 Darren Wilson
 Ann Whitaker-Jackman
 Ken Workman

Corporate Information

DIRECTORS OF PENGROWTH CORPORATION

Thomas A. Cumming
Business Consultant

James S. Kinnear
President, Pengrowth Management Limited

Francis G. Vetsch
President, Quantex Resources Ltd.

Stanley H. Wong
President, Carbine Resources Ltd.

John B. Zaozirny
Counsel, McCarthy Tetrault

Director Emeritus
Thomas S. Dobson
President, T.S. Dobson Consultant Ltd.

OFFICERS OF PENGROWTH CORPORATION

James S. Kinnear
President and Chief Executive Officer

Gordon M. Anderson
Vice President and Interim Chief Financial Officer

Henry D. McKinnon
Vice President, Operations

Lynn Kis
Vice President, Engineering

Charles V. Selby
Corporate Secretary

Chris Webster
Treasurer

Lianne Bigham
Controller

TRUSTEE
Computershare Trust Company of Canada

BANKERS
Bank Syndicate Agent: Royal Bank of Canada

AUDITORS
KPMG LLP

ENGINEERING CONSULTANTS
Gilbert Laustsen Jung Associates Ltd.

PENGROWTH AND A STRONG COMMUNITY

Pengrowth Management Limited believes in enhancing the community where our employees live and work. Pengrowth supports causes and institutions both financially and through volunteer efforts and is proud of these associations and partnerships with many community-building non-profit organizations.

Pengrowth has a substantial investment in our community and although 100 percent of the costs are attributed to Pengrowth Management, Pengrowth Energy Trust unitholders benefit through the visibility associated with these vital partnerships.

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange
Symbol PGF.UN

PENGROWTH ENERGY TRUST

Head Office
Suite 700, 112 – 4 Avenue S.W.
Calgary, Alberta T2P 0H3 Canada
Telephone: (403) 233-0224
Toll-Free: 1 800 223-4122
Facsimile: (403) 265-6251
Email: pengrowth@pengrowth.com
Website: <http://www.pengrowth.com>

Toronto Office
Suite 1200, 141 Adelaide Street W.
Toronto, Ontario M5H 3L5 Canada
Telephone: (416) 362-1748
Toll-Free: 1 888 744-1111
Facsimile: (416) 362-8191

Halifax Office
Purdy's Wharf Business Centre
407 – 1959 Upper Water Street
Halifax, NS B3J 3N2 Canada
Telephone: (902) 425-8778
Facsimile: (902) 425-7887

INVESTOR RELATIONS

For investor relations enquiries, please contact:
Dan Belot, Manager Investor Relations

Telephone: (403) 213-8650

Toll-Free: 1 800 223-4122

Facsimile: (403) 294-0051

Email: danielb@pengrowth.com
OR

Sally Elliott, Investor Relations, Toronto

Telephone: (416) 362-1748

Toll-Free: 1 800 744-1111

Facsimile: (416) 362-8191

ABBREVIATIONS

bbl	barrel
bcf	billion cubic feet
boe*	barrels of oil equivalent
boe per day*	barrels of oil equivalent per day
lt	long tonnes
mbbls	thousand barrels
mmbbls	million barrels
mboe*	thousand barrels of oil equivalent
mmboe*	million barrels of oil equivalent
mcf	thousand cubic feet
mmcf	million cubic feet
mcf per day	thousand cubic feet per day
mmcf per day	million cubic feet per day

Pengrowth Energy Trust (EnergyTrust)

Pengrowth Corporation (Corporation)

*6 mcf of gas = 1 barrel of oil

